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Theory and Practice



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Government Performance Management in China

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Bin Wu
Hangzhou Comprehensive Performance
Measurement Committee
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Foreword I

As a scholar, I often make friends through my writings. As a facilitator of reform and innovation who has worked in the central government for years, I also make friends in the process of reform and innovation. With the team of "Chinese Local Governance Innovations Awards" that I led, I have befriended a lot of Party and government officials. Like many other great innovators of local reforms, Bin Wu, the author of this book, is an old friend of mine and my team.

Hangzhou, along with Shenzhen and some other cities, has been leading local government reform and innovation in China. Many of Hangzhou's innovation projects, including some led by Bin Wu, have won the "Chinese Local Governance Innovations Awards." I have had the impression that Bin Wu, who has been holding the position of director of the Hangzhou Comprehensive Evaluation Committee Office for a long time, has rich experience in government performance management and made great contribution to the performance evaluation work of Hangzhou. However, I was still pleasantly surprised when I received the draft of his book "Government Performance Management: Dual Variations of Theory and Practice" for its theoretical depth.

As an important component of public administration, performance management is about the achievement of government goals, management capacity, administrative efficiency, and policy effect. It is a gauge to determine how capable government departments are, the effects of public policy, and the level of citizens' satisfaction to the government; it is also a basis on which rewards and punishments can be meted out, and a mechanism of healthy competition can be formed within the government. Beyond instrumental rationality, government performance management also has value rationality. As the author notes in the book, government performance management contributes to the modernization of state governance and political legitimacy.

The general purpose of deepening all-round reform as adopted at the Third Plenary Session of the 18th CPC Central Committee is to advance modernization in the state governance system and capability. The key to the modernization in state governance is the modernization of government management, which can only be achieved with a series of preconditions, including democracy, the rule of law,

justice, service, participation, transparency, etc., as well as a complete appraisal system of governance modernization. And all these rely on a scientific government performance management system and fair evaluation of government performance according to that system. Moreover, in modern democracies, government performance has replaced ideology to become the most important source of legitimacy for ruling political parties. If a ruling party is not capable of improving people's livelihoods and advancing democracy, it will eventually lose popular support. Government performance management in modern times has already become a critical channel through which people can strengthen their trust in the government, expand political participation, and improve popular satisfaction with the government.

Hangzhou has been among the top cities in China in both livability and public governance. As one of the Chinese cities that have the strongest impetus for reform and innovation, Hangzhou boasts many highly effective reform and innovation measures. This is partially due to the fact that the city started to conduct comprehensive appraisal of government performance in 2005. In recent years, the Municipal Party Committee and government have launched important reform and innovation projects such as the "social plural subjects," "open decision making," "harmonious entrepreneurship," "community dispute settlement mechanism," "Hangzhou chamber," and "civic center." It is fair to say that all these projects are aimed at "democracy and higher living standards." It has long been the wise development philosophy of the Hangzhou Municipal Party Committee and Government to "improve people's livelihoods with democracy and promote development with better livelihoods," which has also been reflected in the performance management and comprehensive evaluation measures introduced in this book. I believe this is the most valuable experience of the Hangzhou municipal government.

January 2017

Yu Keping
University Chair Professor, Dean of the School
of Government, and Founding Director of the
Research Center for Chinese Politics
at Peking University in China
At Fangyuan Pavilion in Suburban Beijing
amid Heavy Smog

Foreword II

The word "government" means something very different for the Chinese than for the Westerners. For the Chinese, the word implies some deeply rooted sentiments and rich connotations.

This book tells the readers a new dimension through which the government can be understood and reformed—performance. The related method is also unique—its dual variations of theory and practice.

Maybe we can analyze this subject from the perspective of pan-culture. For example, Western musical instruments include violin, cello, bass, saxophone, etc., the sounding material of which is mostly metal, man-made materials that are a reflection of the Westerners, emphasis on mastering and changing nature; in contrast, Chinese musical instruments, including *erhu*, flute, x*iao*, *pipa*, etc., are mostly made of natural materials, an indication that the Chinese are more inclined to the integration between nature and mankind. In terms of vocal music, the Westerners are in favor of bel canto, a singing technique that is more artificial, while the Chinese mainstream is folk style singing that is an expression of unprocessed, natural tones. In the West, people seek the beauty of variation, such as the chords of the symphony and mixed-voice parts in chorus, which requires coordination through conducting. In contrast, the Chinese traditional music values the beauty of harmony, which is why it usually does not need conducting.

With China's modernization, its music also gradually fuses with that of the rest of the world. Chinese composers Nie Er and Xian Xinghai weaved the brass wind elements of Western music into the texture of Chinese folk music and created the great works of *March of the Volunteers* and *Yellow River Cantata*, which are perfect incorporations of Western and Chinese music. There are also moving Chinese concertos that consist of both Chinese and Western elements, as represented by *The Moon over a Fountain* and *The Butterfly Lovers*.

This is the charm of variations, which is also the highlight of this book edited by Comrade Bin Wu.

The institutions of government, society, and economy are the three major components of the state governance system. The nature, structures, functions, and interactions of these institutions determine the forms of government, society, and

economy in a certain period of time. The state governance system evolution and the modernization process are determined by political, social, and economic factors. Therefore, the first characteristic of the "dual variations" mentioned in this book is to conduct research on contemporary government and performance management with a historical perspective and through the three dimensions of economy, politics, and society.

Performance management consists of three basic areas, which are performance management on the national, local, and municipal levels. Starting from any of these levels will reveal the logic and development paths of performance management. This book starts from the national and municipal levels and analyzes the city of Hangzhou, which has been a leading example in performance management in China. The research method distinguishes but also integrates the different elements of central, local, and grassroots levels of performance management, which is the second characteristic of the "dual variations."

Hangzhou's government performance management roughly experienced four stages. At the first stage, the city conducted initial explorations on mechanisms such as management by objectives and responsibility management. Then, it went through the three stages of evaluation-oriented performance system, management-oriented performance system, and governance-oriented performance system. A clear presentation of the four important stages is the third characteristic of the "dual variations."

The biggest highlight of this book, though, lies in the integration of theory and practice. Guided by the socialist theory with Chinese characteristics, the author has applied the theoretical and practical achievements in both China and abroad in researching performance management theories with Chinese characteristics. My understanding is that the theoretical innovation of this book lies in the theory about the balance among the methods, function, and value of performance management.

"When a workman wishes to get his work well done, he must have his tools sharpened first." The effectiveness of performance management as the "tools" depends on whether a right balance can be struck among methods, function, and value. Starting from the mid-twentieth century, especially after we entered the twenty-first century, a lot of new management techniques have emerged in public management thanks to new needs in administrative management, scientific and technological advancement, and social progress. Such trends prompted the second "dichotomy" in the science of public administration (the first "dichotomy" is that between politics and administration about 100 years ago), that is to extract management tools from management skills and allow the former to develop independently. Consequently, administrator's priority has shifted from efficiency only to being responsive to the demands of the market and society, focusing on improving management skills as well as citizens' satisfaction. Performance management, as a basic management tool coming out of the second "dichotomy," is essentially about shifting from the originally loose management mechanisms to standardized ones. Performance management systems can be used to manage the performances of governments and staff members through establishing modules, subjects, criteria, grades of evaluation as well as adopting measures such as performance planning,

problem diagnosis, information feedback, and performance improvement, and can be free from the impact of obsolete experiences and personal relationships.

As performance management has both instrumental and value rationality, its application in evaluating performance and social benefit may incentivize civil servants to be more motivated and innovative, prevent the rise of bureaucratic atmosphere, and facilitate communication between the public sector and the people. On the other hand, the human-oriented management, responsive government, and transparency are innovations that may complement the fixed standardized mechanisms. These are the institutional changes brought about by the second "dichotomy."

This book, written by the Hangzhou Comprehensive Evaluation Committee Office, is a perfect embodiment of the second "dichotomy." Those who have been involved in the completion of this book are both practitioners and theorists in government performance management and have done a great job in explaining the theoretical and practical issues in this area.

The performance management system of Hangzhou is characterized by constant improvement and innovation, which has provided a replicable roadmap to other local governments in China as well as a great example for China's administrative innovation.

First is the coordination between top-level design and grassroots-level exploration. Hangzhou is a big city with complicated management and service tasks as well as a huge team of civil servants, which makes it necessary for the performance management system to cover both the top-level and grassroots dimensions. Based on these realities, the Hangzhou municipal government has struck a right balance among the big picture and specific key projects.

Second is the constant institutional innovation. The performance management system of Hangzhou is not only a great exploration of reform, but is also about constant institutional innovations. To achieve scientific performance management, the municipal government has been constantly optimizing the performance management index system and improving the information system to make sure a consensus has been reached among the municipal, bureau, county, and township levels for effective operation of the performance management system.

Third is the integration between human management and problem solving. Hangzhou's performance management integrates department strategies and responsibilities of each post, which has addressed the problems of civil servants' "inaction," "slow action," and "ineffective action." The emphasis on performance has already been embedded in the culture and institutions of the government.

Fourth is the integration of result orientation and process orientation. Hangzhou's performance management is aimed at the eventual effect of government services and social benefit, but the emphasis is also on the evaluation of capabilities and procedures such as organizational innovation, workflow, and action

plan. Linking evaluation with promotion and awards has served as incentives for civil servants and maintained the fairness, authority, and influence of the government performance management system.

Hangzhou, China
December 2016

Gao Xiaoping
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Preface

This year, China celebrates the 40th anniversary of Reform and Opening Up. Observers of China's development in the last four decades are usually quick to point out the country's fast economic growth, which some call a "miracle." As a scholar of China's politics and public administration, however, I am much more impressed by the country's modernization of local governance.

In the last decade, great steps have been taken to simplify bureaucratic processes and making public administration more efficient, often by streamlining procedures and employing new information and communication technologies. More remarkable even are instruments of public consultation that are now widely applied across the country, but which have their origins in pioneering localities such as the city of Hangzhou. For a political scientist, the fact that intensive and extensive public consultation takes place in an authoritarian one-party state is fascinating. I believe that studying the methods and principles of including and excluding citizens in political and administrative processes holds the key to understanding China's political, social, and economic development.

It is for this reason that books such as this one are so important. Although, as a famous proverb states, "all politics is local," we do not know nearly enough about the structure, processes and actors in China's local administrations. What is more, we still have a very limited understanding of why and how local administrations evolve, and why progress is so uneven. Mr. Wu Bin, the author of this volume, does the scholarly community a great service by providing a detailed introduction to Hangzhou's performance management and evaluation system. Drawing on political science theories as well as case studies from China and the USA, he explains the underlying logic of this reform, details how it evolved over the years, and illustrates its political value.

For me, there are two important lessons from studying Hangzhou's performance management and evaluation system. The first concerns the relationship between politics and public administration. China's political system is often characterized as one where higher levels find it difficult to control local governments, but less attention has been paid to the supervision of public servants. This study illustrates how politicians have used the tool of public consultation to improve oversight over

bureaucrats and public service providers, and how such public consultation can contribute to making the public service more responsive to citizen demands.

The second lesson is not in the book, but concerns the persons comprising the "Hangzhou city government" whose perspective this volume takes. When I visited Hangzhou in the summer of 2012, I did so to find out who the main actors behind the policy were. Needless to say, Hangzhou would not be a pioneer of policy innovations if the Party secretary and the mayor did not have a reformist mind-set. However, Hangzhou's Comprehensive Evaluation Committee Office was responsible for the policy's development and implementation, so its director, Mr. Wu Bin, was the first person I met there.

This encounter demonstrated how important dedicated, motivated, and able leaders are for such reforms to succeed. Mr. Wu is a person of great passion, learning and idealism, someone who prefers listening over speaking, and a perfectionist who demands much of himself and his team. He is soft-spoken and one of the most polite persons I have ever met, but would not back down when certain powerful departments objected to being evaluated by the public. He is also a person of great learning, and I was impressed by his ability to explain Hangzhou's performance management and evaluation system in the terms of my academic field.

It is for this reason that I invited him to the University of Vienna as a visiting scholar in 2014, and I am deeply grateful for the enlightening discussions we had during his visit. Mr. Wu used the opportunity to learn about public service provision in Vienna, and my continued interest in Hangzhou enabled us to discuss the performance in the provision of public services from a comparative perspective, leading to many novel insights.

That such a comparison is meaningfully possible once more illustrates that very different cities can face very similar challenges in public administration, and that solutions to such problems travel well across cultures and political systems. I sincerely hope that this book will stimulate broad interest in China's local governance, and that it will lead to more exchanges of knowledge between scholars, politicians, administrators and citizens from China and other countries.

November 2018

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Chapter 1
Introduction to Government Performance Management



Government performance management had its roots in the waves of reform in the Western governments and the new public management movement in the 1970s and 1980s. It then became the mainstream government management instrument in most of the developed countries, and different types of management models were formed. The government practices in Western countries have proved that government performance management has become an effective way to improve administrative efficiency, reduce administrative cost, strengthen the awareness of service, and improve the quality of government services.

In contemporary China, local governments have been the main body in practicing government performance management. In their experiments, they incorporated Western theories and experiences, China's micro-political environment, values, and traditions, as well as local development strategies and realities. In that process, a lot of government performance management models with local characteristics have been formed, enriching and advancing theories and practices of government performance management. In terms of administrative management, government performance management has improved government administrative efficiency, government service quality, and popular support for the government. It has also helped with the strengthening of government credibility and legitimacy. In terms of policy making and implementation, performance management increases the efficiency of public policy making, implementation, coordination, and innovation. Government performance management is not only an important driving force, but also an indicator for the modernization of state governance system and governing capacity. Moreover, it will play an increasingly important role in the modernization process of state governance system and governing capacity.

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1 Concepts, Basic Theories, and Major Tools of Government

1.1 Performance and Government Performance

a. From efficiency to performance

The word "efficiency" is from Latin *efficientia*, meaning "ratio of useful work done to energyexpended." In the nineteenth century, "efficiency" started to mean "the ratio of the work done or energy developed by a machine, engine, etc., to the energy supplied to it, usually expressed as a percentage: efficiency = energy input/energy output." The word then was introduced to economics and management to refer to the ratio of effort made to the result: efficiency = output/input. In the wake of the scientific management movement, "efficiency" started to be used in the field of management.

On that basis, a more comprehensive concept to evaluate organizational operation—performance—was introduced. Although scholars and experts have different definitions to the concept of performance, the consensus is that performance means both the efficiency and effect of work. That is, it refers to the manner in which or the efficiency with which something reacts or fulfills its intended purpose.

The concept of performance includes a number of factors. Originally, it included the so-called 3E factors: economy (about overall costs and revenues), efficiency (the relationship between inputs and output), and effectiveness (about achieving your objectives). As research on performance progresses and new needs arise, especially with the advancement of government performance management, the 3E factors evolved into 4E, the new factor being equity, which emphasizes justice and legitimacy. Now, the concept of performance is much richer, as reflected in structures such as 4E + quality, responsibility, and responsiveness.[1] Elinor Ostrom, the first female winner of the Nobel Memorial Prize in Economic Sciences, included factors such as efficiency, equity (fiscal balance, redistribution), accountability, and sustainability into performance.[2]

Here, the author provides a brief summary of the definition of performance: the outcome or effect resulted from an organization's purposeful and value-oriented activities.

As an organization consists of groups and individuals, organizational performance, in broad sense, may have three levels: organizational performance, group or department performance, and individual performance. Operation performance refers to the overall performance of an organization. Group or department performance is the performance of the units of the organization. And individual performance means the performance of the individual staff members in the organization. Individual performance is the foundation of organizational performance. Without it, there will not be group or department performance or organizational performance. On the other

[1] Zhuo (2006), 2–6.

[2] Elinor (2000), 128–133.

hand, individual performance will be meaningless without group or department performance and organizational performance. Organizational performance management starts from that of individual performance. The stratification of organizational performances management is significant, in that in the evaluation of organizational performance, we must appropriately handle the relationships among the performances of the organization, the department, and the individuals.

On the connotations of performance, there are three strands of views: performance–behavior, performance–outcome, and performance–behavior–outcome. The view of performance–behavior argues that performance is the behavior or process through which a task or function is completed and fulfilled. The view of performance–outcome believes that performance is a kind of outcome resulting from behavior or activities to complete a task or achieve an objective. The view of performance–behavior–outcome is an integration of the above-mentioned two views, that is, performance consists of both behavior and outcome. If attention is only paid to behavior, it may result in shortsightedness and entanglement with trivialities and may risk not achieving the ultimate objectives. If emphasis is only given to result, then the importance of monitoring and guidance during the process may be overlooked, which is not good for teamwork, coordination, and resource allocation.[3] From the perspective of practice, good government performance management should emphasize both outcome and behavior during the process of a certain project.

i. Government performance

Like efficiency, performance as an important concept and practice in management had its origin in the private sector and then was introduced to public organizations such as the government and non-profit organizations. The Americans were the first to apply "performance" in government financial management with the adoption of "performance budgets" in the beginning of the twentieth century. After Clarence E. Ridley and Herbert A. Simon laid the theoretical foundation of public sector performance management in "Measuring Municipal Activities" in 1938, the concept of government performance started to take shape.

Government performance, also known as public productivity, state productivity, public organization performance, and government action in Western countries, contains the government's effectiveness, outcomes, and efficiency in social and economic management. In other words, it refers not only to government output, that is the services and social management provided by the government, but also the administrative processes, that is, the government's performance when fulfilling its functions. Therefore, government performance is a comprehensive concept in line with the view of behavior–outcome.

While there are three views on performance, there are also three major views, as to what government performance means.

The first view is to define performance from the angle of the outcome of government management activities. Richard C. Kearney argues that government performance is the outcome achieved by the government in realizing pre-established

[3] Fang and Ge (2012), 2–3.

objectives through the management of public projects. It is guided by and evaluated with a number of equally important criteria, including efficiency, effectiveness, and equity.[4] Zhuo Yue argues that government performance is the maximization of public output achieved by the government through the process of actively fulfilling public responsibilities and balancing internal management and external impact, quantity and quality, economic factors, and ethical and political factors, as well as rigid regulations and flexible mechanisms.[5] Similarly, Zang Naikang states that government performance is an important basis on which government's governance capacity and operation efficiency can be evaluated. It is a comprehensive concept that encompasses economic performance, social performance, and political performance. It also has multiple connotations including political costs, government costs, government efficiency, political stability, social progress, and development expectations.[6]

The second view defines government performance from the angle of government management capacity. Patricia W. Ingraham argues that government performance is the government's management capacity to transform resources or investment into output or results.[7]

Chen Zhenming believes that government performance means the outcome, effectiveness, and efficiency achieved by the government in social and economic management activities. It is the management capacity demonstrated by the government when it fulfills its functions and realizes its will.[8]

The third view provides a more comprehensive definition to government management. American scholars, Christopher Pollitt and Geert Bouckaert, delimited the concept of government performance in a detailed manner, arguing that government performance is the outcome of government activities or projects, and it means to reshape government processes to be more customer-oriented, cost-aware, and outcome-oriented; it also has more characteristics of one particular or ideal system.[9] Chinese scholars such as Fang Zhenbang and Cai Lihui also define government management from a comprehensive angle. For example, Cai believes that government performance has to do with government functions and job responsibilities. In terms of subjects, it includes the overall performance of administrative organizations, project performance, and individual/position performance. In terms of substance, it includes quantitative prescriptions and quantitative prescriptions. In terms of process, government performance has to do with time cycles. Therefore, government performance is the initial and final results obtained by government agencies and civil servants in the process of executing their duties according to law as well as the related social impact, including departmental, project, and individual performance.[10]

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[4] Kearney (1999).

[5] Zhuo (2006), 9.

[6] Zang (2001).

[7] Campbell Public Affairs Institute, Government Performance Project, http://www.maxwell.syr.edu/compel/index.htm.

[8] Chen (2006).

[9] Fang and Ge (2012), 6.

[10] Cai (2012), 1–2.

In terms of different levels of performance, government performance can be divided into government performance, government department performance, and individual (civil servants) performance. The performance of civil servants is the foundation of department performance and the overall organizational performance of the government. At the same time, only when it is in line with the mission, strategy and objectives of the department and government will individual performance has social value.

b. Performance management and government performance management

i. Meaning of performance management

How to improve performance has always been a focal point of discussion in management. Both performance evaluation and performance management have contributed toward achieving and enriching that goal.

Performance evaluation is a key procedure in performance management and an effective way to improve organizational performance. It is more about evaluation of behavior and result after the fact. With the development of performance evaluation theories and methodologies, performance evaluation has gradually shown its limitations. Consequently, the concept of performance management, which is built on performance evaluation, was proposed and applied to organizational management practice. The advantage of performance management lies in the fact that it ensures all-round achievement of performance objectives and constant performance improvement of performance levels through a series of processes, including performance planning, performance goal setting, performance monitoring, performance information collection, performance evaluation, and performance feedback (performance communication, application, etc.) from the perspective of organizational management and strategy. The relationship and differences between performance management and performance evaluation are demonstrated in Table 1.

Table 1 Relationship and differences between performance management and performance evaluation

Performance management	Performance evaluation
• A complete management process, including performance planning, performance monitoring, performance evaluation, performance feedback, performance improvement, etc.	• A procedure in the management process • A key link in performance management
• Focuses on information communication, performance feedback and improvement, and performance objective achievement	• Focuses on the measurement, appraisal, and evaluation of performance
• The whole process of management	• Particular period and particular events in the performance management process
• Strategic and forward-looking	• Delayed
• Reshape organizational structure, functions, and workflow	• Evaluation of the outcome

ii. Definition of government performance management

Government performance management is a product of government effort to cope with social reforms, respond to social demands, improve government performance, and strengthen social support and legitimacy. It is a new type of management philosophy, methodology, and means that has its roots in business performance management theories and methodologies and is based on the practice of public sector management.

Similar to the relationship between performance evaluation and performance management, government evaluation management extends and deepens government performance evaluation. In developed countries such as the UK, USA, and New Zealand, which are among the first to introduce the concept of performance to public sector management, government performance evaluation was initially used in the evaluation of government financial budgets. In the Nixon years, government performance evaluation began to be applied in the evaluation of government behavior in the USA, and the concept of performance was gradually accepted in all fields of public sector management. In the wake of the new public management movement, government performance management started to be widely applied in some developed countries.

Research on government performance management in China started from performance evaluation, and for a long time, performance evaluation was applied in the place of performance management, which demonstrates a close relationship between government performance management and government performance evaluation. Government performance management needs to be based on a scientific performance evaluation system, including performance index design and performance evaluation methodology. Index design is the "baton" of government performance evaluation activities. Therefore, well-designed performance evaluation index is the foundation of government performance evaluation and performance management.

The methodology of performance management is key to government performance evaluation and performance management. It determines whether the performance evaluation is scientific and fair. However, government performance evaluation is not equivalent to government performance management. Government performance evaluation emphasizes the evaluation of government behavior outcomes, and it is mostly done after the fact. More importantly, government performance evaluation does not have a mechanism to improve performance. In other words, it only assesses the extent to which government objectives are achieved rather than strengthening government capacity to achieve objectives. On the other hand, government performance management is a complete process, which includes not only performance evaluation, but also other procedures such as performance planning, performance monitoring, performance feedback, and performance improvement.

Government performance management is the product of social reforms. Government performance management experienced two forms in its evolution, namely individual performance of civil servants and the overall performance of the government as an organization. Liu Xutao states that "as a concept, performance management incorporates multiple ideas and concepts of the new public management and reengineering government movements, which laid the institutional foundation for itself. As a system, performance management framework must effectively integrate

strategy planning and management resources to form a comprehensive performance evaluation system that is multi-dimensional and has different layers of values."[11]

Zhuo Yue and Zhao Lei state that government performance is the maximization of public output achieved by the government through the process of actively fulfilling public responsibilities and balancing internal management and external impact, quantity and quality, economic factors, and ethical and political factors, as well as rigid regulations and flexible mechanisms.[12] Zhou Zhiren explains the concept of performance management from three perspectives: (1) As a system, performance management is an organic system that is composed of a series of management mechanisms and technologies that are implemented in order to achieve the expected outcome, including performance management process, organizational performance evaluation, project evaluation, quality management, benchmarking management, and workflow remodeling. (2) As a process, performance management is a dynamic process that includes strategic planning, annual planning, constant performance management, performance reporting, and information utilization. (3) As a means of human resource development, performance management refers to human resource management principles and technologies that center around the objective of organizational performance improvement. Zhou believes that "system development" and "dynamic process" are the two predominant ways to define government performance management in our time.[13]

US political scientist B. Guy Peters believes that the best way to improve government's organizational efficiency is to replace traditional bureaucracy with a certain mechanism that is based on the market system.[14] To maintain social order, traditional public administration also placed great emphasis on public demands, but modern public service in government performance management is different from the traditional pattern in that it introduced the market philosophy of "customer is God," that is, regarding the general public as customers, prioritizing meeting its demands and use the extent to which "customer needs" are satisfied as the criteria to measure performance.

1.2 Basic Theories of Government Performance Management

a. New public management theories

Since the 1960s and 1970s, the Western world has seen public financial crises caused by factors such as oil crisis and high welfare expenditures. High taxation, economic stagflation, and public service inefficiencies gave rise to wide social grudge which eventually led to ideological reforms. The "welfare state" and government interven-

[11] Liu (2003), 152.

[12] Zhuo and Lei (2006).

[13] Zhou (2009).

[14] [US] Guy Peters (2001), 25.

tion went under fierce attack from liberal economics, new institutional economics, and public choice theory that stress individual responsibility, individualism, and other New Right ideologies. Supporters of these ideas advocated for the replacement of government or government processes with market processes in the allocation of social resources and the corresponding institutional arrangements. It became unavoidable for the government to go through market reforms. Since then, the privatization of public sector, marketization of public services, competition within the public sector and that between the public and private sectors have entered the reform agendas of Western governments. The "government reengineering movement" was aimed at breaking away from the crisis of finance management and public trust, improving governments' international competitiveness and government performance. Such waves of government reform in Western countries are the origin of the "new public management" movement. New public management shifted from a pure emphasis on efficiency to service quality and customer satisfaction, from top-down control to striving for members' identification to the organizational mission and task performance.

In this government reform movement, the performance management methods of the private sector were adopted by the public sector. Western countries started to loosen rigid administrative regulations, and establish clear and measurable performance evaluation mechanisms and applied government performance management. In the beginning, performance evaluation was mainly used by supervisors to assess and control the performance of subordinates. The evaluators were mostly public organizations and other designated bodies. In the 1990s, this wave of reform affected almost all developed industrialized countries, marking a new stage of government evaluation management.

New public management maintains that the government should "steer" instead of "paddle," and that government should focus on competition, customers, market, outcome, decentralization, foresight, and high performance.[15] The philosophy that prioritizes the needs of customers and the quality of services has gradually become the theme of this wave of government reform, and the focus of government gradually shifted to customer satisfaction; correspondingly, the method of performance management has been further improved, making performance management more strategic and systematic.

b. Theories of new public service and public value

Since the 1980s and 1990s, new public management movement has become predominant in the theory and practice of public administration and public management along with the emergence and development of the government engineering movement, based on the reflection and critique on the theories of new public management, a new type of public administrative theory was established in the area of new public service. New public service theory has its theoretical roots in the democratic public power theory, community and civil society theory, organizational humanism, new public administration theory, and post-modern public administration.

[15] David et al. (1996).

With further development of the theory and practice of public administration, the relationship between government and citizens has become a hot subject in the public administration sphere in the West. The major topics include citizens' demands for direct participation in public administration management and public affairs, as well as the establishment of a new type of governance relationship that features cooperation between citizens and government. Amid this wave, research in new public service was mostly on public participation. In contrast to new public management theory, new public service theory has the following major proposals: The function of the government is to "serve" instead of "steer"; the importance of public interest lies in serving the citizens, not customers; the importance of thinking strategically, acting democratically, and taking responsibility; citizens' rights and public service should focus on human instead of purely on productivity.[16]

New public service is a public governance philosophy that centers around citizens. It encourages people to fulfill their responsibilities as citizens, and in this way, guides the government to pay attention to their demands. New public service regards public interest as the core of government service and establishes channels for public interest to be expressed as well as strengthens citizens' capabilities to participate in public affairs. New public service theory insists that people are the most important, emphasizes citizens' rights and public satisfaction, encourages citizens to participate in public affairs, increases the ways in which citizens can participate in politics, expands citizens' democratic rights, thus providing new theoretical basis for government performance management.

Moreover, some scholars believe that the emphasis on citizens' rights and public values has served as an impetus for the research paradigm of government performance management to shift from new public management to government performance governance that is based on public value. In 1995, Harvard professor Mark H. Moore put forward the concept "public value." Professor Bao Guoxian of the Lanzhou University and his team presented for the first time a public value-based government performance governance theory at the 2nd International Conference on Government Performance Management and Leadership in Portland, the USA. Professor David H. Rosenbloom of American University focuses on the status of non-mission-based public values in contemporary performance-oriented public. He suggests that using a balanced scorecard approach in performance plans could enhance attention to freedom of information and other democratic–constitutional values. Professor Bao Guoxian summarized the contribution, confusion, and theoretical reflections of government performance evaluation and management in the context of new public management. He argues that the fundamental reason of performance losses is the lack of social structure, that is, government output does not correspond to the basic needs of the society; in other words, it does not reflect public value and only reflects market value.[17]

New public service theory and public value theory stress the importance of citizen participation in performance management as well as the importance of public interest,

[16] Denhardt et al. (2010).

[17] Wang and Hong (2013).

democracy, and other public values in government performance management, and argue that they should be included in the institutional framework of government performance management.

c. Social capital theory

L. J. Hanifan, a practical reformer rather than a theorist, is credited with introducing the concept of social capital. A state supervisor of rural schools, he wrote in 1916 to encourage schools to engage more with the society:

> The tangible substances [that] count for most in the daily lives of people: namely good will, fellowship, sympathy, and social intercourse among the individuals and families who make up a social unit… The individual is helpless socially, if left to himself. If he comes into contact with his neighbor, and they with other neighbors, there will be an accumulation of social capital, which may immediately satisfy his social needs and which may bear a social potentiality sufficient to the substantial improvement of living conditions in the whole community. The community as a whole will benefit by the cooperation of all its parts, while the individual will find in his associations the advantages of the help, the sympathy, and the fellowship of his neighbors.

The proposal of the concept of social capital and its research paradigm, which states that trust is the precondition of cooperation, represents an important breakthrough for research in economics and other social sciences. Trust can strengthen the communication and increase exchanges between government and citizens, and therefore strengthen cooperation between citizens and the government. The common code of conduct generated from interactions among organizational members is the norm of social capital. When citizens and the government share the same objectives and interests, the citizens will hope that government performance reforms can become a long-term, mutually beneficial norm. Citizens will also be more engaging and have more trust for the government.[18] Social capital may cultivate the spirit of tolerance and cooperation of citizens and the government through citizens' participation network, and it may also strengthen citizens' capabilities, participation, and awareness in government performance management. One of the basic goals of government performance management is to improve government efficiency. Apart from efficiency, the citizens' spirit, trust, and mutually beneficial norms as emphasized by social capital are also in line with the logic government performance management. It is a brand-new angle to examine the relationship between social capital and government performance management from the perspective of social capital theory. Social capital improves citizens' capacity to engage in politics and trust for the government and establishes a channel of communication regarding mutually beneficial norms. All these may enable the government to formulate fair and efficient performance management programs and improve government performance management capacity.

The process of citizens' transparence of partial rights to the government not only generates basis of rationality, but also that of legitimacy for the evaluation of government performance. The significance of government performance management is

[18] Yang and Ling (2006).

to provide public service and public goods according to citizens' demands as well as assess government performance according to citizens' level of satisfaction to public service and public goods, so as to form a responsibility and operation mechanism that may improve the quality of public service and public goods.

1.3 Major Tools of Government Performance Management

Government performance management tools are the bridge between the practice and theory of government performance management. As performance evaluation evolves into performance management, performance management tools have also developed from being only financial index to instruments that measure the performance of whole organizations from a strategic perspective. Government performance management tools are built on the basis of the performance management tools used in enterprises and the private sector with adjustments made according to the characteristics and objectives of the public sector.

a. Management by objective

Management by objective (MBO) was first developed by US management thinker Peter Drucker in his seminal book *The Practice of Management* published in 1954; Drucker then kept refining the concept in his later research. Drucker explained the MBO theory from three perspectives: first, the importance of objectives in an organization; second, the preconditions of the success of MBO; and third, the three major stages in implementing MBO, namely objective setting, objective implementation, and outcome evaluation. Clearly, MBO is a process that stresses the coordination between upper and lower levels in an organization to set the overall objectives for a certain period and determine the division of labor between the upper and lower levels based on the objectives. Performance evaluation will then be conducted against these objectives to determine how much contribution each department and individual has made for the organization.

Management by objectives has been widely used in the area of business management. After the emergence of MBO, General Electric of the USA was the first to apply it and saw good results. Consequently, MBO had rapidly spread among businesses in the USA. After the Second World War, the Western economies were rapidly recovering and developing; therefore, enterprises were in urgent need for new ways to incentivize employees in order to increase competitiveness. Management by objective was a timely invention that was rapidly and broadly applied and imitated by enterprises in many countries including Japan and Western Europe.

The benefits generated by MBO in the business sector promoted the government to gradually adopt it as well. In the USA, President Nixon announced to apply MBO in 21 government agencies in the form of MOUs in the 1970s. In 1975, the US Office of Management and Budget released that MBO circular A-11, requiring relevant agencies to submit organizational objectives and annual budgets. By 1976, 41% of government reports stated that at least some agencies had implemented MBO. By

1987, about 62% of the US metropolitans stated in government reports that they had applied MBO.[19]

In the mid-1980s, many local governments in China started to apply the theory and practice of MBO in certain areas. One characteristic of Chinese local governments' implementation of MBO is to integrate the theories of MBO with the objective-responsibility evaluation system that had been long used by the Chinese government. Government objective management with Chinese characteristics is to set the top-level leaders' objective responsibility and department objective responsibility based on the local government development strategy and conduct evaluations, examinations, feedbacks, rewards, and punishments according to certain procedures, methods, and index.

It should be noted that due to the differences between the government and the private sectors, the application of MBO in the government may encounter different problems in objective setting, measurement, and the outcome evaluation. Therefore, MBO has its limitations.

b. 360 Degree Feedback Appraisal

The 360 degree feedback appraisal method was developed by American scholars, Mark R. Edwards and Ann J. Ewen Edwards, in the 1980s.[20] It is a scientific performance evaluation tool that enables evaluation of staff members' performance in a comprehensive, objective, and effective manner. It reflects the principles of "organization survey," "total quality management," "development feedback," "performance evaluation," and "multi-source assessment system."

The 360 degree feedback appraisal is a method and a tool that provides each employee the opportunity to receive performance feedback from his or her supervisor, peers, reporting staff members, coworkers, and customers. Moreover, after the evaluation, the evaluators are also expected to provide feedback to the evaluated persons. Communication and exchanges between the evaluators and the evaluated would facilitate performance improvement (see Fig. 1).

Supervisor evaluation means that evaluation is conducted by the direct supervisor of the evaluated person. As the direct supervisor is usually the best positioned to observe the evaluated person's performance, supervisor evaluation may also reduce evaluation costs.

Coworker evaluation means that the evaluation is conducted by the organization or employees who work with the evaluated person; such evaluation can be very objective and conducive to team cohesion. Subordinate evaluation may allow the evaluated person to get some feedback from his or her subordinates. Public evaluation provides external information and ensures the fairness of the evaluation results. The 360 degree feedback appraisal method, as the new tool for performance improvement and performance evaluation, has been increasingly widely used in the performance evaluation and performance management of public organizations and government

[19] Fang and Ge (2012), 33–34.

[20] *Jixiao Guanli(Performance Management)*, trans. Zhang Xinmin, Beijing: CITIC Publishing House, 2002, 210.

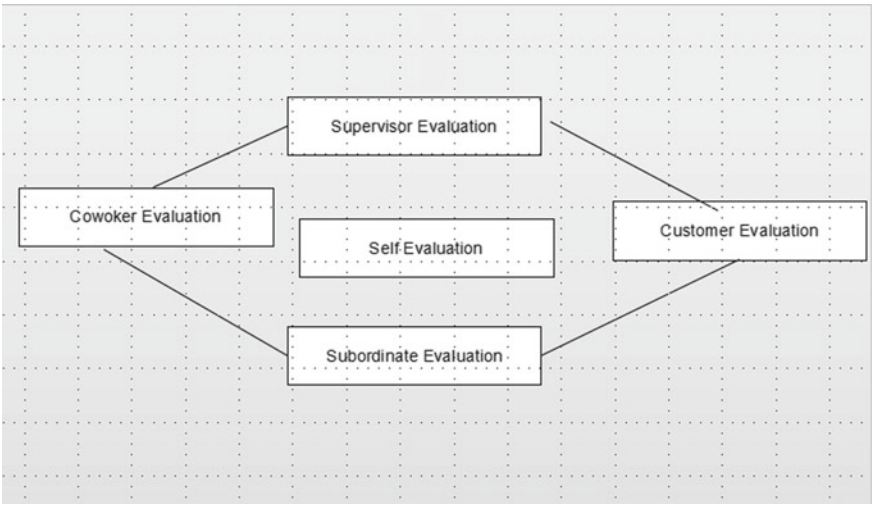


Fig. 1 360 degree feedback appraisal method. *Source* Sun (2003), p. 28

agencies. Similar to its application in corporations, the method's application in public organizations also involves different raters. It emphasizes evaluating the performance of public organizations from different perspectives and different dimensions. Surveys are also introduced to reflect a full picture of the performance of public organizations.

Like any performance evaluation and management tool, the 360 degree feedback appraisal method also has its own advantages and limitations. The method puts the evaluated person at the center and conducts evaluation from the perspectives of supervisor, subordinate, coworker, customers, and self-evaluation. Its theoretical and practical foundation lies in the satisfaction of the organization and its members as well as comprehensive quality control. That method enables evaluation information collection from different sources and may generate evaluation criteria and outcomes that are relatively fair and reliable. However, it is not without problems: First, it is hard to process the information. The data and information collected through different channels are much more than that collected from a single channel, and the diverse and asymmetric information may make the evaluation more difficult; second, the implementation of the method may cause tension within the organization, which may manifest itself as cultural shocks, arbitrary decision making, loss of loyalty, ineffective oversight, and nepotism.

c. Balanced scorecard

The balanced scorecard (BSC) model was first developed by Professor Robert S. Kaplan and Professor David. P. Norton of the Harvard Business School. Linking a long-term business strategy and short-term activities, the BSC examines limited number of key performance indicators (KPIs) from four perspectives, including financial, customer, internal business processes, and learning and growth. The method manages and improves organizational performance by operationalizing organizational strate-

gies as the purpose, indicators, objectives, and action. The BSC is a multi-dimensional evaluation model for organizational strategic management. It has adapted to the social development trends of knowledge economy, information technology, and the increasing importance of intangible assets, and conducts organizational performance evaluation, management, and strategy implementation through striking balances between financial and non-financial data items, long-term strategy, and short-term objectives, as well as different departments within the organization. In the BSC system, the main perspectives are financial, customers, internal business processes, and learning and growth. Within each perspective, there are different specific indicators, which consist of the complete system of the BSC (see Fig. 2).

As the BSC model gets constant improvement in practice, it has been widely used in the organizational management of businesses, the military, non-profit organizations, and the government. The government application of the BSC requires clear definition of a department's mission, core values, development vision, and strategy based on its function power, responsibility, and positioning. For example, while the Ministry of Education, the Office of Land Management, and the police all belong to the public sector, they have different missions, core values, visions, and strategies. Moreover, government agencies of different levels and different periods of time may differ hugely from each other, which require specific explanations (see Table 2).

In China, under the leadership of the Cadre Examination and Assessment Center of the Central Organization Department, pilot projects were established in local governments of Hailin (Heilongjiang Province), Pingshan Town (Zhuang autonomous region of Guangxi Province), and Wutongqiao District (Leshan City,

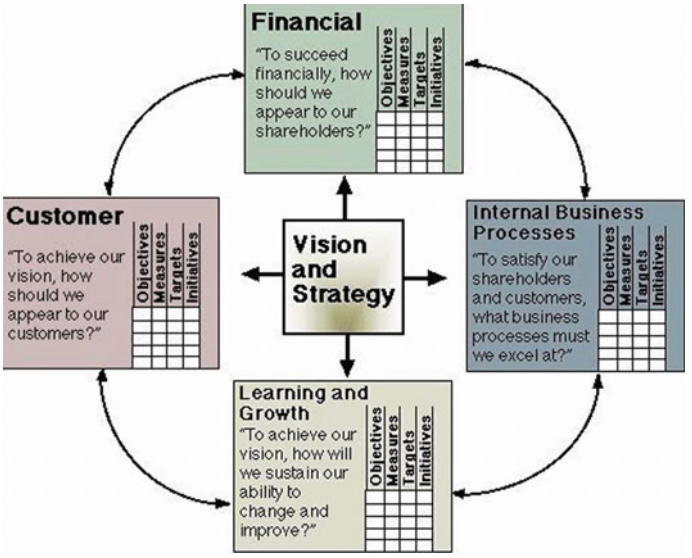

Financial
"To succeed financially, how should we appear to our shareholders?"
Objectives
Measures
Targets
Initiatives
Customer
"To achieve our vision, how should we appear to our customers?"
Vision and Strategy
Internal Business Processes
"To satisfy our shareholders and customers, what business processes must we excel at?"
Learning and Growth
"To achieve our vision, how will we sustain our ability to change and improve?"

Fig. 2 Company BSC model

Table 2 Examples of statements of government missions and core values

Mission	Better Business Bureau, State of Michigan, the USA	Supporting Michigan's consumers, businesses, charities, and donors across 38 counties in the Lower Peninsula from the Indiana border to our State Capital and north to the Mackinac Bridge
	US Bureau of Land Management	Sustain the health, diversity, and productivity of public lands for the use and enjoyment of present and future generations
	Police Bureau of the City of Portland, Oregon	Reduce crime and the fear of crime. We work with all community members to preserve life, maintain human rights, protect property, and promote individual responsibility and community commitment
	City of Charlotte, the USA	To improve the quality of life for everyone in the greater Charlotte region by providing outstanding community-wide public transportation services while proactively contributing to focused growth and sustainable regional development
values	City of Phoenix, the USA	We are committed to excellence through: Exceptional Customer Service; Integrity and Transparency; Respect for Diversity; Personal Empowerment; Engaged Teamwork; Consistent Professionalism; Creativity and Innovation for Excellent Results; we will make Phoenix a great place to live, work, and visit by fostering a dynamic and sustainable environment with exceptional public services
	Hailin municipal government, Heilongjiang Province, China	Learning, innovation, hard-working, unity, pragmatic, democracy, clean governance

Fang and Ge (2012), 61

Sichuan Province), where the BSC model started to be applied in Chinese government agencies.

2 Performance Evaluation Systems in Chinese History and Performance Management in Contemporary China

As a new model, philosophy, and method of public management, government performance management should reflect the government mission, core values, vision, strategy, and practical needs in a particular context. Built on the performance management theories and practices of Western governments, Chinese government performance management has taken China's history, culture, political institution, environment, development strategy, and practical needs in public management into consideration. Such a localization process has enriched the theories and practices of government performance management, strengthened government capacities in decision making, implementation and innovation, and improved government credibility and efficiency.

2.1 Evaluation Systems in Chinese History

The performance evaluation systems established in Chinese history were called "evaluation" or "examination," which has both similarities and differences with "performance management" in modern times. During the ancient times, the Chinese dynasties conducted performance evaluations of officials of different levels in a certain period of time according to the state laws and administrative plans and meted out rewards and punishments according to evaluation results. The "evaluation" was not only a major reference point based on which the State would reward or punish officials, but also an effective measure to incentivize officials and an important way to improve governance.

a. Evaluation management in the pre-Qin period

The recorded history of government performance evaluation in China started in the Zhou Dynasty. "The Rites of Zhou" gave an account of the *Liu Ji* (six criteria) and *Da Bi* (the great inspection).

Liu Ji, or the six criteria, referred to the evaluation index for the officers under the central government: kindness, capability, respect, integrity, law-abiding, and being practical.[21] The emphasis was on officials' ethical standards.

Da Bi is the evaluation index for local officials: educating the local people with rites, handling political affairs fairly, keeping track of the size of local population as well as the number of domestic animals and weapons, and implementing policies according to the local conditions.[22] Compared with *Liu Ji*, *Da Bi* put more emphasis on officials' actual performance.

During the Spring and Autumn period and the Warring States period, the three major criteria to evaluate officials were morality, contribution, and capabilities. Guan Zhong, a chancellor and reformer of the State of Qi during the Spring and Autumn

[21] *Zhouli • Tianguan • Jiazai.*

[22] *Zhouli• Diguan • Situ.*

period, said: "There are three aspects an emperor must examine: first, whether an official's virtues are worthy of his status; second, whether his contribution is worthy of his compensation; third, whether his capabilities are worthy of his position." These three criteria, according to Guan Zhong, are the "three baselines" of management and evaluation of officials. Han Fei Zi, one of the greatest Chinese legalist philosophers, regarding "contribution" as the core criterion of evaluation, argued: "If promotions and awards are not based on contributions, then people's desire for more will be limitless."

In the Western Zhou period, evaluation was divided into two levels. The first was the emperor's evaluation of the feudal princes, which involved both the emperor's inspection of the fiefs and the feudal princes' reporting of their work to the emperor. "Inspection means the emperor goes out of his palace to inspect the land and subjects under his rule. Reporting means the feudal princes pay respects to the emperor and report to him on their work."[23] The second was the emperor's evaluation of officials within the capital and the feudal princes' evaluation of the local officials in the fiefdoms. The evaluation was conducted daily, monthly, annually, and every several years.

In the Warring States period, officials would write budgets and plans on wooden slips and submit them to the emperor in the beginning of each year. At the end of the year, the emperor would evaluate the officials' performance by comparing the plans against the actual outcomes the officials had achieved. The same evaluation method was used by upper-level officials to evaluate the performance of the lower level officials.

b. Evaluation management after the Qin and Han dynasties

During the Qin Dynasty, the evaluation system was further modified to include "five virtues and five misconducts." "Five virtues" meant that officials should have the five virtues of loyalty, integrity, prudence, kindness, and humility; "five misconducts" meant that officials must not be extravagant, arrogant, arbitrary, going against superiors, or valuing money rather than talent. The state of the Qin Dynasty meted out strictly rewards and punishments for officials while putting emphasis on punishment. Therefore, performance evaluation of officials in that period of history was characterized by few and light rewards and numerous and heavy punishments.

During Han and Tang dynasties, the central government set up more comprehensive and practical indicators to evaluate local governments:[24] (1) the basic conditions of local households and land; (2) basic financial situation; (3) basic situation of the performance of officials, namely whether they were implementing the law strictly, working hard, and practicing clean governance; (4) other factors including market prices, number of thefts, and the local culture. That evaluation covered local political, economic, governance, and social factors. During the Western Han and Eastern Han dynasties, the evaluation system included a mechanism that was called "the six questions," which was about the performance of local officials in terms of law obser-

[23] Mengzi • Gaozi.

[24] For details see Gao (2007).

vation, integrity and honesty, law enforcement, and talent recruitment. The principle was to connect officials' promotions and appointments with evaluation results.

The evaluation system in the Tang Dynasty was more focused on economic and financial issues. It also covered aspects that have to do with social stability, such as officials' ethical standards, size of population, economic development, taxation and fees, agriculture, food supply, social order, human resources, situation of powerful families in the local area and vulnerable groups. The evaluation indicators included four general principles and twenty-seven specific criteria. The four general principles were integrity, justice, diligence, and unremitting. Evaluating against the twenty-seven criteria, officials were put into three ranks, and in each rank there were three grades.[25] Officials' rewards and punishments were closely connected with the evaluation results.

The Song Dynasty inherited the evaluation system of the Tang, but made some simplifications. The four general principles were maintained, but the number of specific criteria was reduced to only three from the previous 27. The three criteria were: first, good administration as demonstrated in fair and just law enforcement and tax collection; second, good public works as demonstrated by agricultural and irrigation projects; third, maintenance of a good social order, that is, criminals are brought to justice, everybody has a roof over his saw her head, and the vulnerable were cared for. Moreover, based on the social, economic, and political conditions in the Song Dynasty, it was stipulated that evaluation of officials would be conducted annually that the term for civil officials was three years and that for military officers five years. Emphasis was given to regulations on local government evaluation and their implementation. The Song Dynasty also saw for the first time in Chinese history the mechanism of "performance review." That is, leaders of different government departments would evaluate the performance of their subordinates every year, after which a more complicated process of evaluation would be carried out and a series of materials, including proofs of officials' qualifications, their recommendation letters, resumes, and evaluation results given by supervisors, would be submitted to the central government for "review." The reviewers would then decide on the final results of the evaluation.[26] In the Song Dynasty, virtues and seniority were valued over actual performance, and officials, especially civil officials, were treated favorably.

In the Yuan Dynasty, the evaluation of officials was conducted in two ways. The first was that all officials, when being transferred to other posts, would have their performance evaluated by their supervisors. Before submitting the evaluations, the supervisors who filled out the evaluation forms must jointly vouch for the authenticity of the evaluation in order to avoid corruption. Then, the Ministry of Official Personnel Affairs would determine the appointments of the officials according to the evaluation results. To complement the first a way of evaluation, the Censorate would conduct site inspections to determine whether officials were corrupt. But performance evaluation was not closely connected with promotions and awards, which were mostly based on seniority.

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[25] *Xin Tangshu* • Baiguanzhi.

[26] For details see Wei (2008).

Performance management in the Ming Dynasty was based on a framework of "three ranks and eight problems." "Three ranks" referred to the three kinds of performance evaluations: "competent, mediocre, and incompetent." "Eight problems" were "embezzlement, cruelty, fickleness, incompetence, old age, inaction, imprudent." Performance evaluation was also conducted in two ways. The first way, referred to as "Kao Man," was the bottom-up performance evaluation of officials during their terms. Central government officials, local government officials, functionaries, drillmasters, and minor officials were evaluated separately. At the expiration of an official's term of office, he would have to go to the capital to report to the Ministry of Official Personnel Affairs (Li Bu) for a final round of evaluation. The second way, "Kao Cha," was jointly carried out the Court of Censors (Du Cha Yuan) and the Ministry of Official Personnel Affairs to examine whether officials were incompetent or delinquent during their terms of office. "Kao Cha" was conducted once every three years for local officials, five years for local military officers, and six years for central government officials. The checks on central government officials may also take place anytime when the emperor saw necessary. Officials found to have the "eight problems" would receive corresponding punishments: Those who were too old or too ill to serve would be deprived of their positions; those who were corrupt would be sent to the border to serve in the military; those who were imprudent would be suspended; and those who were fickle and incompetent would be demoted by one level and sent to the remote areas. Those who were deemed as "cruel" might also face criminal punishment. All these punished officials were not to be reinstated.

c. Government evaluation management during the Republican period

Although China was experiencing wars and political chaos, the practice of government performance evaluation was still maintained. The evaluation was mainly on officials appointed by the central government and took different forms such as regular examinations and special examinations, and the system was improved and institutionalized by different governments. Laws and regulations such as "Regulation on Evaluation and Appointment of Civil Officials," "Law on Evaluation of Officials," "Law on Appointment of Civil Servants," "Regulation on Civil Servants Registration," "Regulation on Awards and Punishments for Civil Servants," and "Regulation on Compensation for Civil Servants" provided detailed stipulations on the recruitment, appointment, registration, performance evaluation, rights and obligations, ranks and compensation, pension, etc., of civil servants. The Nanjing government set up a "Civil Service Department (Quan Xu Bu)" to manage the appointment, evaluation, transfers, and promotions, as well as awards and punishments of civil servants.

The civil servants examination and recruitment system of the Republican period is a combination of modern and traditional elements, that is, it is a combination of elements of the civil officials' system of modern Western countries and of the imperial examination system of feudal China.[27] Its modernity is reflected in higher degree of institutionalization, equality, and openness, the right to take exams and the content of examination. However, there were still vestiges of the imperial examination

[27] Li (2004).

system, such as the continuation of the Confucian-classics argumentation writing, the application of the procedures of the imperial examinations, the disconnection between examinations and appointments, the intervention of political parties and the military, influence of political and interest groups, etc., which had hindered the development of the civil servant examination system of the Republican period.

d. Characteristics of the evaluation systems in Chinese history

The performance evaluation systems in ancient China were to serve the purpose of consolidating the emperor's control over local officials and his rule over the country, but they did contributed to better governance. Performance evaluation in Chinese history has the following characteristics:

1. Performance evaluation started early in China. According to *Shang Shu* (The Most Venerable Book, one of the Five Classics of ancient Chinese literature), during the rule of Emperor Yao (r. 2357–2256 b.c.e.) and Emperor Shun (r. 2255–2205 b.c.e.), government officials would be evaluated every three years. According to *Shang Jun Shu* (the Book of Lord Shang), the evaluation system started with the policies of Shang Yang, who was a statesman and reformer of the State of Qin during the Warring States period of ancient China.
2. The Chinese rulers had taken performance evaluation seriously. The emperors of almost all dynasties attached great importance to the evaluation of officials, and often times personally conducted the evaluation. The right to evaluation and mete out rewards and punishments was centralized in the hands of the emperors.
3. The organizational structure for evaluation was complete. As rulers attached great importance to evaluation, they designated special departments to implement it. For example, during the Tang Dynasty, performance evaluation was the responsibility of the Ministry of Official Personnel Affairs. The emperor would also directly appoint high-rank officials to be in charge of evaluation performance of government officials and send them to local governments for site inspections when necessary. Such arrangements guaranteed the implementation of the performance evaluation system.
4. The criteria of performance evaluation were clear. Evaluation systems in ancient China basically covered the aspects of ethics, capabilities, diligence, achievements, and clean governance, stressing personal integrity as well as governance competence. There were also specific and clear rules about the frequency and procedures of evaluation, which made performance evaluation institutionalized and predictable.
5. Evaluation outcomes were taken into account by rulers in decision making. As the purpose of evaluation systems in ancient China was to consolidate the rule of the emperors, the evaluation outcomes would be closely linked to officials' rewards (promotion) and punishments (demotion). In other words, the rulers in ancient China used evaluation systems to control officials, stabilize the regime, and govern the State.

The evaluation of officials had been practiced in ancient China for over 2,000 years. Despite various limitations and lack of modernity, such historic practices

may provide valuable references for us today in exploring a model of government performance management with Chinese characteristics. On one hand, we may learn from some of the good practices in ancient China, such as top leaders' personal attention to performance evaluation, the setting up of special departments for evaluation, clarify the evaluation criteria, methods, and procedures, and the application of evaluation outcomes. On the other, we should make efforts to achieve modernization of evaluation and establish a government performance management system that is up to international standards and suitable for the practical needs of China's reform and opening up drive.

2.2 Theoretical Explorations on Government Performance Management in Contemporary China

Since the 1980s, research on government performance management has become one of the major topics in China's public management sphere. The performance management practices and theories developed in Western countries were systematically studied, and the evaluation systems of officials in ancient China were also reviewed. The main subject of research, however, has been local government's practices in performance management. In January 2014, a search of "performance evaluation" and "government performance evaluation" in the Chinese National Knowledge Infrastructure (CNKI) generated results of 4777 and 2054 papers, respectively; while a search of "performance management" and "governments performance management" generated 8810 and 828s, respectively. This papers generally covered three aspects: first, introducing government performance management theories and practices of other countries and regions, particularly, Western developed countries such as the UK, the USA, and New Zealand and regional governments such as Taiwan and Hong Kong; second, general illustrations on that basic theoretical questions in government performance evaluation and government performance management, such as that substance significance, characteristics, function, value, theoretical basics, and concepts of government evaluation management; third, analysis on that theoretical explorations and practical experiences of performance management by Chinese local governments, including that mechanism, evaluation methods, index design, models, specific practices, and effects of the Chinese local governments' performance management.

As to the development of theories and practices of government performance management in contemporary China, some scholars believe that it is exogenous, or it is based on learning from the experiences of Western countries government performance management. Some other scholars argue that government performance management in contemporary China is endogenous, that is, it has its roots in the evaluation systems ancient China and is formed on the basis of traditional objective-responsibility system. Generally speaking, the development of China's performance management, while having its roots in the evaluation traditions in ancient China, has

been affected by the new public management reform movement in Western countries as well as the philosophies and practices of Western countries.[28]

Given different national conditions, the practice of government performance management has not been as effective as it is in Western developed countries. There have even been problems caused by the application of government performance management as it has not been adjusted to the local situation. Therefore, we should reflect on the research and practice of China's government performance management and examine the performance evaluation systems ancient China from a modern perspective, so that we can absorb the wisdom in our ancestors' practice. The fact that China is different from the Western countries in terms of political institutions, economic development, and development of strategies has determined that it is impossible for China to completely borrow the theories, methods, and models of the Western governments' performance management. In contrast, China's government performance management can only be effective when it is based on China's history and practical needs.

In China, the performance management models in different localities usually have different characteristics. For example, the performance management model in Gansu is labeled as "third-party evaluation," that in Tsingtao "objective management performance evaluation," that in Fujian "efficiency beauty," that in Hangzhou "citizen-oriented government performance evaluation,"[29] etc. This means that China's government performance management is highly localized and that the practice of performance management is based on the actual requirements of local government. It also reveals that China's government performance management is still on the stage of local and grassroots explorations and experiments. In terms of theoretical development, at this stage, there have been relatively few homegrown theories on government performance management, and a commonly accepted knowledge framework has yet to be developed.

a. Practice and development of performance management in Chinese local governments

Since the 1990s, administrative management system reform in China has seen much progress and the idea of government performance management started to be widely accepted in the public sector. As local governments have more incentives and pressure in government reform and innovation, they have been the driving force for government performance management. After the 2000s, the central government started to attach increasingly more importance to performance evaluation. The 2005 State Council "government work report" proposed to "build a scientific government performance evaluation system," which facilitated the development of local government

[28] Gao (2011).

[29] On July 10–11, 2007, at the International Symposium on Performance Evaluation and Government Innovation jointly organized by the International Organization for Economic Cooperation (OECD) Asian Public Governance Center, Zhejiang University and Hangzhou Municipal People's Government, Professor Lan Zhiyong and Professor Hu Guogen praised Hangzhou's comprehensive assessment practice as a "citizen-oriented government performance evaluation model".

performance evaluation; that 2008 "government work report" proposed to "implement the government performance management system," marking a shift from government performance evaluation to performance management. The 18th CPC Party Congress report put forward that "we should exercise government administration in a negative way, increase public trust in the government, and improve competence so as to make the government performance-oriented." The practice of performance management in local governments has also gradually become more long-term oriented, and a path of government performance management with Chinese local characteristics has been explored.

The implementation of performance management in China's local government has generally gone through three stages.[30]

b. Initial stage: from the 1980s

In the period from the 1980s to the 1990s, performance management in a real sense was not implemented in China's public sector. However, there were two kinds of mechanisms that can be regarded as the predecessors of performance management: first, "objective responsibility system"; second, efficiency supervision system that was started in 1989.

i. Objective responsibility system

The objective has a responsibility system can be seen as the Chinese version of the management by objectives (MBO) described previously. The Ministry of Labor and Personnel issued the "Circular on the establishment of System of Personal Responsibility for State Administrative Personnel"; in 1984, the Organization Department of the CCP and the Ministry of Labor and Personnel jointly issued the "Circular on gradually Implementing the System of Personal Responsibility." The insurance and implementation of that to documents represent important measures to regulate and improve the performance of Party cadres and strengthen the management. In the following several years, local governments across the country established systems of personal responsibility to different degrees, which then were further developed into objective management responsibility systems. In 1988, the China Institute of City Objective Management was established and had 13 member cities. With further reforms of administrative management systems, the objective management responsibility system had been greatly improved. The objective responsibility system in the 1990s added to characteristics: First, its implementation is a top-down, systematic process; second, the focus was on economic growth. That central government and upper-level government agencies would make quantified economic growth targets and assign them to lower-level agencies. That degrees to which this targets were achieved serve as the major basis of performance evaluation and that awards and punishments of lower half and level officials where linked to the achievement of these

[30]We would like to acknowledge the views previously expressed by Zhou Zhiren, Lan Zhiyong, Hu Xuegen and other scholars on the development of China's local government performance management, which we have adopted in this book. For specific literature, please refer to Zhou (2007) and Lan (2008).

targets. Such implementation of the pyramid-like economic growth responsibility system facilitated China's rapid economic development.

ii. Efficiency supervision system

Efficiency supervision started in 1989 is the supervision and inspection of efficiency and is conducted by presenting inspection and the supervision authorities on the efficiency, effect, profits, and currency of the management and operation of Party and government units and state-owned enterprises. In December 1989, that second national inspection and supervision work conference explicitly put forward that the basic function of administrative supervision authorities "include not only efficiency supervision, but also the supervision regarding clean governance." The purpose of efficiency supervision is to strengthen oversight before and during projects, so that disciplinary inspection may prevent problems before they take place and better contribute to the core task of reform and economic development. By 1999, 23 provinces, autonomous regions, and municipalities in China had already carried out efficiency supervision of innovation to different degrees. The priorities of efficiency supervision included irregularities in administrative review and approval, power abuse in administrative law enforcement, administrative inaction, and ethical problems.

As the examination and evaluation of that efficiency, effect, and quality of administrative bodies' duty fulfillment and management, efficiency supervision is a special way to organize performance evaluation. Its main characteristic is being problem-oriented, which is not only reflected in its priorities, but also his work method and outcomes. In terms of priorities, although efficiency supervision covers a range of aspects including efficiency, effect, quality, and other organizational performances, its priority lies in identifying problems in duty fulfillment and management. Such a priority determined that efficiency supervision would adopt work methods such as project-based examination, case-by-case investigation, and handling complaints. Therefore, it is clear that the main actors in efficiency supervision are disciplinary inspection departments.

iii. Exploration period: 1990s

During this period, while the objective responsibility system was still the major way to evaluate government performance, new methods such as social service commitment system and efficiency building.

iv. Social service commitment system

The social service commitment system is a kind of social service system with the nature of a contract, that is, the organizations that are responsible for social service must publicly make commitments to the society regarding the content, standards, procedures, time duration, and responsibilities about the service and provide such services under the oversight of the society. If organizations do not fulfill their commitments, they must bear legal and economic costs. The social service commitment system consists of several components, including commitments, internal management fulfillment, and social supervision (punishment). Its ultimate purpose is to improve service quality and benefit the citizens by truly putting public service under

social supervision and mobilizing the whole society to monitor the work of the public sector. The social service commitment system has its roots in "Citizen's Charter" movement in the UK in 1991. The Yantai city is the first in China to have implemented the social service commitment system. In July 1986, after summarizing the Yantai city's experiences in the social service commitment system, the Publicity Department of the CPC Central Committee and the Industrial illegitimate Practice Office of the State Council started to promote the social service commitment system to the whole country.

The social service commitment system includes three core components: first, outpatients with customers and that identification of veteran needs of the customers; second, set up and publicize service criteria and evaluate the actual work according to the above-mentioned criteria; third, one that provided public service is not up to standards, responsibilities must be born and effective measures must be taken to improve the services. Clearly, that social service commitment system is aimed at improving the quality of public service and the level of public satisfaction through wide public participation and oversight. However, that performance evaluation of the social service commitment system only assesses whether or not the performance is up to standard. A correction mechanism only be activated when a certain service is below standard. This is a major difference from the performance evaluation in general sense.

v. Efficiency building

In the 1990s, the Changzhou city of Fordham Province started to launch efficiency building. Then, with the guidance and the promotion of the Party committee and government of the Fujian Province, efficiency building had been implemented in all the government agencies and administrative bodies about the township level in the whole province. First, government agencies, based on their own responsibilities, strengthened institutional building, clarified responsibilities with their personal responsibility system, regulated management and the service with the commitment system, increased government transparency, improved democratic oversight, and strengthened work discipline by holding those holy like to add to their duties responsible. Second, internal management was further regulated, administrative laws and regulations were strictly abided by, management factors were optimized, workflow was streamlined, and working efficiency was improved. Third, the awareness and quality of service were improved.

In practice, different government agencies in different places established scientific and measurable performance evaluation criteria according to the characteristics and needs of that own industries and conduct evaluation on the target completion, policy implementation, work ethics, and efficiency. The evaluation results I used as the basis for rewards and punishment. The Efficiency Building Office and the Office of Human Resources Management of the Fujian Province jointly formulated the "Proposed Regulation on the Evaluation of Efficiency Building of Government Institutions," which facilitated the feather standardization of performance evaluation.

Compared with efficiency supervision, the performance evaluation in efficiency building is an overall evaluation of the organizational performance and is different

from efficiency supervision, which is focused on identifying the misconduct and low efficiencies in the organizations. Organizational performance evaluation covers a wider range. Moreover, the actors of organizational performance evaluation are more diverse, including the Party committee, disciplinary action authority, different government agencies, and the citizens. In contrast, efficiency supervision is mostly conducted by the disciplinary inspection authorities.

vi. The period of deeper development: since the twenty-first century

Since the advent of the twenty-first century, the Chinese government has witnessed new changes to its administrative philosophies with the deepening of the socialist market economic reforms. The new philosophies required a new way of governance and administration, which has not only consolidated that the important thing is organizational performance evaluation, but also wrote about important changes to the evaluation models, implementation mechanisms, focuses, and coverage. Since then, China's government performance evaluation has entered a new development stage.

In response to the call "to build a scientific government performance evaluation system," both the academic and administration spheres made a thinking effort to build an evaluation system that reflects the scientific outlook on development. Evaluation indicators such as "green" and "moderately prosperous society" that reflect scientific development have been gradually incorporated in the evaluation index. Local evaluation systems, such as the third-party evaluation of Lanzhou, comprehensive efficiency evaluation of Fujian, the objective responsibility system of Qingdao, have been constantly improved. In 2004, the project team of the Ministry of Human Resources proposed a comparatively systematic "performance evaluation index for local governments" composed of three first-level indicators and 33 second-level indicators. This index has been used to evaluate the performance of Chinese governments at different levels, particularly the city- and county-level governments.

On April 25, 2009, the project team of the performance evaluation system for China's local governments of the Ministry of Human Resources released the "performance evaluation report of the Chinese government" (Report), which is the first report on the performance evaluation of China's local governments. The Report conducted case studies on the government performance evaluation models of Qingdao, Pizhou, Guizhou, Yangpu District of Shanghai, Nantong, and Luoyang. The Report has demonstrated that as China has been experiencing a transitional period, the performance evaluation of local governments has no longer only been focused on economic growth, but has been also taking into consideration people's livelihoods and the balanced development of the society. The "ultimate criterion" of government performance has become citizens' level of satisfaction. The biggest highlight of the Report is to explore how to enable ordinary citizens to participate in government performance evaluation. The Report argues that as the public is whom the government serves, they should have the biggest say about the work of the government. To introduce public participation in government performance evaluation is to truly regard the public will and needs as the direction of government reforms.

The city of Harbin issued China's first local regulation on governments performance management—"Regulation on Government Performance Management of

Harbin"—which was aimed at evaluating the performance of the municipal government as well as the district- and county-level governments according to laws and regulations. This is also one of the first attempts of Chinese local governments in conducting performance management according to laws and regulations.

c. Characteristics of Chinese local governments' performance management

Undoubtedly, the theories and practices of government performance management in contemporary China have been affected by those of the Western governments. However, China's government performance management is based on China's political system, social environment, and government's development goals and functional transformations. The practices of performance evaluation in ancient China have also had profound influence on the theories and practices of government performance management in today's China.

There are several characteristics of Chinese local government's performance management:

First, local governments would implement performance evaluation systems first, which might be then adopted and promoted by the central government. In Western countries, government performance management is usually implemented by the central government or the federal government in a top-down manner. In contrast, China's government performance management has been driven by the governments of prefectures or provinces instead of the central government or the township- and county-level governments. Examples include the objective responsibility system adopted by Wuhan, Nanjing, Suzhou, and Qingdao, the social service commitment system of Yantai, the comprehensive efficiency building of Fujian, the third-party evaluation of Gansu, etc.

Second, China's government performance management has been focused on practice instead of institutional building. Different from Western countries, where laws and regulations are first established, China's government performance management has been more about actual practices of different local governments instead of the process of lawmaking. China's government performance management lacks a comprehensive legal basis at both the central and local government levels.[31] At present, the institutional building of China's government performance management is mainly in the form of official documents or government work reports instead of laws and regulations issued by the National People's Congress. This situation continued till 2015, when the city of Hangzhou issued the "Hangzhou Performance Management Regulation," which has been hailed by experts as the first local regulation on government performance management that has practical significance.

Third, China's government performance management involves numerous and complicated tasks. The performance management of Chinese local governments emphasizing comprehensive evaluation on government's work results in fulfilling public functions, exercising public rights, and achieving objectives. The focuses

[31] Although Harbin formulated the "Harbin Municipal Government Performance Management Regulations" in 2009, which became the first local government performance management regulation in China, due to various reasons, its implementation lacked substantial progress.

include routine work of government departments, government key tasks, and personal performance of civil servants. It stresses giving full play to the initiative and innovation of government departments and civil servants, and is a comprehensive management method.[32]

Fourth, government performance management in China has distinct local features and lacks unified standards. Government performance management in China has been mainly supported and driven by bold and innovative local leaders in order to serve local development objectives and has distinct local features. This is also a result from the practice of "local exploration first, national promotion later."

2.3 Government Performance Management Pilots in China

One obvious feature of China's reform is that local experiments will be adopted by the central government to establish pilots. If the pilots were successful, they would be implemented across the country. Government performance management has followed this path in China. In March 2008, Premier Wen Jiabao, when delivering the Government Work Report at the first session of the 11th National People's Congress, proposed to "carry out government performance management." In July 2010, that CPC Central Disciplinary Committee officially established the Performance Management Supervision Office. In June 2011, the State Council approved the establishment of the ministerial conference on government performance management led by the Ministry of Supervision, and decided to set up performance management pilot projects in 14 localities and departments, including Beijing, Jilin, Fujian, Guangxi, Sichuan, Xinjiang, Hangzhou, Shenzhen, the National Development and Reform Commission, the Minister of finance, the Ministry of Land and Resources, the Ministry of Developmental Protection, the Ministry of Agriculture, and the General Administration of Quality Supervision. This marks the gradual national implementation of government performance management in China.

In the pilot projects, problems that used it to exist in previous practices of government performance management such as organization and institutional building were partially addressed. Different localities have set up institutions and offices to make sure unified leadership and highly efficient operation of the work of performance management. Performance management systems that cover specific methods and regulations of performance management have been established in the pilots and have played positive exemplary roles about government performance management. Here, we are going to briefly describe the pilot projects in the Ministry of Land and Resources, Beijing and Shenzhen.

[32]Gao Xiaoping believes that Chinese government performance management is an efficiency-oriented performance management model, the essence of which is to evaluate the performance effect created by the government. See Gao et al. (2011).

a. Ministry of Land and Resources

The Ministry of Land and Resources is one of the six State Council ministerial pilots. The Ministry has taken the project seriously, encouraged innovation, established performance goals, and conscientiously contacted performance implementation and evaluation. By linking performance management with the evaluation of the leaders and cadres, the quality of evaluation management has been improved.[33]

Based on the principles of "streamlining-, participation-, and information-based management", the Ministry of Land and Resources assigned different weights to different tasks according to the degrees of difficulty when designing the annual performance targets and index; linked performance evaluation with a evaluation of officials, the promotion of ethical Party and Government and the building of grassroots Party units and cultivation of excellent Party members so that's repeated evaluation may be avoided; encouraged trials and innovation, formulated a complete and comprehensive system consisted of documents such as "Regulation on Performance Management Pilots," "Provisional Regulation on Duty Fulfillment Efficiency Evaluation," revised the "Provisional Regulation on Annual Evaluation of Cadres," and worked hard to develop an information system in a bid to improve government performance management.

The performance management of Ministry of Land and Resources can be summarized as "3 + 2." "3" represents the three aspects of duty fulfillment, lawful administration, and the building of the leading team. "2" means the two additional aspects of innovation and misconduct. The Ministry put forward the evaluation idea and method of "focusing on targets in the beginning of the year, implementation during the year, outcomes at the end of the year" and adopted a stratified index system with different indicators being assigned different weights. A basic evaluation index system that is scientific and streamlined has been established.

"Focusing on targets in the beginning of the year" means that the Ministry would break down the major tasks and projects of the year at the beginning of each year so that the performance management pilot projects may be effectively applied to the core tasks of different departments of the Ministry. Major tasks include: the important decisions and instructions by the Party Central committee and State Council and the six major objectives set by the leading Party group of the Ministry for the year, including economic growth and arable land targets, urban–rural development coordination, resource reservation, social management, institutional innovation, and infrastructure construction. In total, there are 22 first-level categories and 143 second-level categories. After breaking down the targets, different departments would come up with specific indicators for duty fulfillment which are reflected in the performance management spreadsheets of different department units. Details on evaluation criterion, responsible persons or organizations, implementation methods, and deadlines are specified. A total of 44 units affiliated to the Ministry and then formulated second-level indicators so that the tasks would be more detailed and specific.

[33]For details, see Liu Zhenguo, "A New Moment to Promote the Reform and Development of Land and Resources—A Survey of the Performance Management Pilot of the Ministry of Land and Resources", http://www.mlr.gov.cn/xwdt/jrxw/201209/t20120917_1141385.htm.

"Focusing on implementation during the year" means that at the end of each month, divisions and departments of the Ministry would submit reports with the progress of major tasks that month through the information system according to the "Annual Performance Index," etc. The General Office of the Ministry is responsible for evaluating such reports in an item-by-item manner. The degrees to which a certain task has been completed include completed in time, in progress, incompetent, delayed completion, and overdue. The evaluation results would be incorporated into the index spreadsheet as an important basis of the annual performance evaluation of different divisions and departments. As for the inspection authorities and the affiliated public institutions of the Ministry, there would be a mid-year evaluation on the progress of their major tasks; there would also undergo a duty fulfillment efficiency evaluation every half year. Moreover, some units have taken the initiative to design more detailed and frequent evaluation procedures. For example, the Bureau of Law Enforcement has designed a process management system characterized by inspection and evaluation every week, month, quarter, and year. For each task, there would be more than two persons accountable, and each person would be clear about his responsibilities, so that performance management would be really practiced in every office and by every employee.

"Focusing on outcomes at the end of the year" means that the Ministry would evaluate the performance of different units on the basis of process management (40%) and end-year evaluation (60%) and would mete out awards and punishments accordingly.

The results of performance evaluation will serve as important basis to improve work and management and be linked to evaluation of the Ministry leadership and appointment of cadres. The application of such results would in turn facilitate and strengthen performance evaluation. At the Ministry of Land and Resources, the annual evaluation results would account for 70%, 60%, and 50% of the annual evaluation of the principal head, other members of the leadership, and other bureau-level cadres. The units that have been evaluated as the best ones would be awarded and commended publicly, while the principal heads of the units that are deemed as being not up to standard would need to submit written reports to the leadership and be admonished. When necessary, they may be replaced.

b. Beijing

Beijing is the only municipality directly under the central government of the 14 pilots. On the basis of the existing system of objective management and evaluation, the Beijing municipal government has established a government performance management system featuring "three efficiencies and one innovation" in order to achieve more scientific, regulated, and targeted government performance management.

Under the performance evaluation index system, the evaluation system of municipal departments consists of full aspects: duty fulfillment, management, service, and innovation. It also includes eight major indicators and 13 evaluation items with different indicators having different weights. The district- and county-level government evaluation system is designed under the framework of "strategy, administration, service, and innovation" and covers 10 evaluation dimensions, 24 categories, and 37

key points. "Duty fulfillment" refers to the degree to which basic duties of a certain post are completed and is assigned 40 points; "management" refers to the performance in law-abiding administration (8 points) and capacity building (7 points), to indicators that I used to assess government performance in administration, review and approval, efficiency inspection, and the team building; "service" includes two aspects of work effect and customer satisfaction and is measured by four indicators: serving the central government (5 points), public assessment (20 points), supervisor's assessment (10 points), and coordination (5 points); "innovation" (5 points) is aimed at encouraging departments to be innovative by awarding successful innovations in major projects. Besides "three efficiencies and one innovation," an "administrative accountability" system has also been established that would hold officials responsible for violations of laws and regulations, major accidents and events that have caused serious negative social impacts. The occurrence of each of the mentioned three situations would result in a deduction of five points, and a maximum of 10 points may be deducted. The final evaluation results of different departments would be ranked.

In terms of the institution and organization of government evaluation management, the Beijing municipal government has set up a municipal government performance management leading group led by the executive vice-mayor and participated by 34 departments. A Municipal Government Performance Office and Performance Management Inspection Office were also established to form an institutional framework featuring coordination by the leading group, division of responsibilities and cooperation among member departments, and earnest implementation of responsible units. The framework of "three efficiencies and why innovation" consists of three organizations: first, the top decision-making institution—the joint conference of government performance management, which is convened by the Secretary General of the municipal government and participated by the municipal government General Office, the Inspection Bureau, the Human Resources and Social Security Bureau, Legislative Affairs Office and Office for Public Sector Reform; second, the institution responsible for day-to-day work—the Government Performance Management Office. The Office also serves as the Government Inspection Office and is responsible for the day-to-day coordination, inspection, and guidance of the work of performance management. It is also responsible for the evaluation of specific areas such as "public assessment," "coordination and cooperation," and "innovation and competition for excellence"; third, the departments that implement performance evaluation. Different departments are responsible for the designing and implementation of specific regulations; the municipal government General Office and Office for Public Sector Reform are responsible for the evaluation of "duties and tasks," the Legislative Affairs Office and Inspection Bureau are responsible for evaluation of indicators regarding "lawful administration," the Inspection Bureau and Human Resources and Social Security Bureau are responsible for indicators on "capacity building," the General Office is responsible for "serving the central government," the Government Performance Office is responsible for "public assessment," "coordination and cooperation,"

and "innovation and competition for excellence," and the evaluation of department leaders would be connected by leaders of the municipal government.[34]

The workflow of the Beijing municipal government "three efficiencies and one innovation" performance management system is "formulation of performance plans—day-to-day supervision and management—end-year evaluation—performance outcomes application," which is closed, highly efficient management operation system. In the beginning of the year, the government would formulate the "Municipal Government Performance Management Plan"; conduct process monitoring through information management system; organize targeted inspections and track the progress of projects; carry out multi-factor evaluation and feedback, urging relevant units to come up with improvement measures which are then included in the task list of the next year. A government performance management workflow of "setting up objectives – process management – multi-factor evaluation – comprehensive feedback – corrections and rectification—performance improvement".

c. Shenzhen

The Shenzhen municipal government has regarded government performance management as a way to improve efficiency supervision and efficiency building. From 2007 to 2009, the Municipal Inspection Bureau has led the effort in conducting pilot projects in certain areas of the city, which were then systematically implemented in all of the municipal government departments. In 2011, Shenzhen and Hangzhou were listed as the only two pilot cities of the country's government performance management. Taking advantage of this opportunity, Shenzhen has fully carried out performance management, conducting process monitoring, project evaluation, and comprehensive evaluation of how the major tasks have been completed and duties fulfilled within the governments at different levels.

Shenzhen has established a government performance management institutional framework. The Municipal Performance Evaluation and Management Committee is led by the mayor and cochaired by the vice-mayor and the Municipal Government Secretary General. Members of the committee include heads of offices and departments of Development and Reform, Inspection, Finance, Human resources, Auditing, Statistics, and Legal Affairs. The Office of the Municipal Performance Evaluation and Management Committee is responsible for the day-to-day work.

Shenzhen's government performance management has followed the basic principles of "management based on criteria, process control, outcomes-oriented, constant improvement, and public satisfaction" and reflected the fundamental requirements of "scientific and rational, open and transparent, dynamic development, streamlined, and feasible." The evaluated units include 32 committees, bureaus, and offices within the municipal government, six district governments, and two new area management committees. The work units of the municipal government are divided into two categories according to the different functions: category A and category B. Category A are those units that provide public management and services, and category B are departments that are responsible for internal coordination within the government.

[34] Chen (2011).

The performance indicators of departments directly under the Shenzhen municipal government include four first-level indicators within which are 22 second- and third-level indicators. The performance indicators of the district to governments and new area management committees include full first-level indicators (public service, social management, economic adjustment, and market regulation) that are above 33 second- and third-level indicators. While first-level indicators are generally consistent, the second- and third-level indicators might be adjusted according to the municipal government's work priorities each year and the performance evaluation and management results of the previous year. As evaluated units are different, the applied indicators, weights, evaluation method and results application different as well. At the same time, both internal and external evaluations have been conducted, with internal evaluation accounting for 70% of the final result (the result of the evaluation system accounts for 65% while the comments and suggestions from the municipal government leaders account for 5%) and external evaluation 30% (public satisfaction surveys account for 25% and the Internet-based public opinion poll accounts for 5%). The evaluation results upgraded as Very Good, Good, Mediocre, and Bad.

In the process of the project trials, the pilot units earnestly conducted work performance management and accumulated a lot of good practices and experiences. Overall, the performance management of all the pilot units has become more regulated and effective, boosting task completion and making administrative management more scientific, targeted, and regulated. All these have laid a solid foundation for the exploration of wider application and institutionalization of performance management. Driven by the work at these pilot projects, the adoption of government performance management across China is being accelerated. By the end of 2012, government performance management had been further extended to 27 provinces (autonomous regions, municipalities directly under the central government).

In March 2014, based on the arrangements of the Central Leading Group for Comprehensively Deepening Reforms, the State Commission Office for Public Sector Reform (SCOPSR) started to lead the effort in formulating reform measures to promote government performance management. To this end, the SCOPSR clarified the responsibilities relating to government performance management of relevant authorities, earnestly conducted investigation and research, and planned to issue guidelines for the nationwide adoption of government performance management. It was to be expected that government performance management would become an important objective for the central government's drive in deepening reforms and essential component in the modernization of China's governance system and capacity.

3 Government Performance Management and the Modernization of State Governance System and Governance Capacity

The third session of the 18th Party Congress put forward the general goal of comprehensively deepening reforms of "improving and developing the socialist system with the Chinese characteristics, promoting the modernization of the state governance system and governance capacity," which represents a major innovation in the governance philosophy of the Chinese Communist Party. It is clear that government performance management has a major and increasingly important role to play in the modernization process of the state governance system and governance capacity.

3.1 The Scientific Significance of the Modernization of the State Governance System and Governance Capacity

a. State governance system

On February 17, 2014, President Xi Jinping gave an explicit definition of the modernization of the state governance system and governance capacity at a seminar hosted by the Central Party School for major provincial leaders to study how to carry out the decisions made at third session of the 18th Party Congress. He pointed out that the state governance system is a system through which the Party leads the Chinese people to manage the country. It incorporates the institutions, mechanisms, laws, and regulations in the areas of economics, politics, culture, society, eco-environment, and Party building, and is a system in which the above-mentioned arrangements are interdependent with each other.[35]

President Xi's statement has elaborated on the state governance system from the perspectives of political nature, governance structure, and governance objective. In terms of political nature, it emphasizes that China's state governance system exists under the leadership of the Party and is a reflection of the socialist system with Chinese characteristics; in terms of governance structure, it covers the six areas of economics, politics, culture, society, eco-environment, and Party building. The six areas are integrated and interdependent and have highlighted the functions and relationships between the government, the market, and the society; in terms of governance objective, it is to realize that modernization of the state governance system.

b. State governance capacity

State governance capacity is the capacity to manage social affairs with the state system, including the capacities to ensure stability of reform and development, domestic politics, foreign relations, national defense, and the governance of the Party, State,

[35] Xi (2014).

and military.[36]The state governance capacity covers the governance of all the public affairs that are related to the interest of the nation and the people. It does not only involve the governance capacity in the areas of politics, military, culture, economics, and society, but also covers the governance processes of public goods production and supply, social resources coordination and distribution, public policy formulation and implementation, maintenance of social cohesion, national security, and international relations.

The state governance capacity can be understood from different perspectives. In terms of who carries out governance, it includes state departments' capacity to fulfill their duties and the public's capacity to manage state and social affairs according to law. Governance may also be conducted by the government, market, and society at the same time. In terms of power structure, state governance capacity can be divided the governance capacity of the central government, the local governments and the society. From the perspective of the organizational structure, effective governance must be built on the basis of scientific government organizational structure. To this end, efforts must be made to optimize government functions, institutional arrangements, and workflows, so that an administrative system in which the rights to decision making, execution, and oversight check and coordinate with each other may be established, leading to streamlined workflow, cost reduction, strengthened oversight, and higher efficiency.

c. The relations between state governance system and governance capacity

The state governance system and governance capacity are interdependent with each other, and together they reflect a country's institution as well as institutional execution capacity.[37] It requires a comprehensive development in economics, politics, culture, society, eco-environment, and Party building to establish a modern state governance system. The state governance capacity in public order maintenance, institutional reform, achieving growth, and ensuring social justice must also be nurtured. The state governance system and governance capacity are two sides of the same coin: in all you ways sound state governance system can governance capacity be improved; and only with improved state governance capacity can the governance system be effective.

The state governance system is the precondition of the improvement of state governance capacity. The development and maturing of state governance, to a large extent, determines the level of governance capacity. The state governance system plays a fundamental and strategic role for national development. A scientific state governance system may be a solid foundation for the improvement of state governance capacity.

The state governance capacity is that guarantee for effective state governance system. Strong state governance capacity is the fundamental basis for the state's orderly operation and sound development and people's well-being. Only when the State is equipped with strong governance capacity, can the advantages of the socialist

[36]Ibid.

[37]Xi (2014).

system with Chinese characteristics be transformed to efficient and effective state governance.

3.2 Evaluation Dimensions of Governance Modernization

The work of pushing forward the modernization of the state governance system and governance capacity is extremely complicated, and our efforts will be futile if we only take stopgap measures. Therefore, we must strive to find the approaches to govern effectively by identifying the most effective starting points of state governance. In terms of the structure of the state governance system, at the moment, the status of and relationships among the government, the market and the society have not been completely straightened out. For example, the government has had excessive intervention in market activities, shouldered too much societal functions, and been excessively handling the allocation of resources. If the local governments were to play positive roles in the modernization process of the state governance system and governance capacity, the key lies in addressing the relations among the government, the market, and the society in terms of the allocation of resources.

First, the government must appropriately handle the relationship between "decentralization" and "designation." The government should return the rights to the market, businesses, and society that originally belonged to them instead of carrying out rights transfers within the government system. The transition from a government that controls to a government that serves requires the removal of financial appropriation rights. Only when the market and enterprises are left to handle their own problems can the market plays a decisive role in the allocation of resources.

Second, launch institutional reforms in an all-round way. Institutional reforms should feature that streamlining of all institutions, including public institutions funded by the government. The hardest parts of such reforms include how to properly handle the issue of allocation of resources and optimize the staffing level while ensuring important posts are manned and transferring the originally redundant personnel to those understaffed government departments and grassroots units.

Third, uphold the principle of government according to law. The structural shift from the uni-directional governance by only one authority to interactive joint governance by multiple stakeholders means that we must thoroughly shakeup the governance model that has been in operation for a long time and heavily reliant on official documents, leaders' speeches, and instructions. To minimize or even remove the potential human mistakes in governance, we must incorporate all kinds of administrative powers into the framework of the rule of law. The fundamental approach to state governance, administrative governance, and social governance is through the rule of law. We must utilize the advantages of the rules of law in terms of predictability, actionability, and judicial relief to strengthen social cohesion in the state's transition period so that different interest entities may seek common ground while shelving differences and press you and achieve the maximization of their own interests according to law. We must make effort to create a sound legal environment in

which people take actions according to law, seek legal assistance when they run into trouble, address problems, and settle disputes with laws and regulations.

Fourth, governance must be democratic. We must constantly develop socialist democracy that regards people as the master of the country. The fundamental basis of state governance is people's ownership of the country. Therefore, we must make sure that the system of the National People's Congress will keep pace with the times, promote the consultative democracy mechanism to be broader, more multi-dimensional, and more institutionalized, and develop grassroots democracy. We must encourage citizens' orderly political participation and make sure such participation is comprehensive and institutionalized so that it will be effective and contribute to the democracy and the legitimacy of government decision making.

Fifth, government's performance management must be strengthened. We must change the old mentality and ways of doing things of "only looking at the political balance sheet and not the economic one" and accelerate the establishment of the government performance management system. The 18th Party's Congress proposed that "we should exercise government administration in an innovative way, increase public trust in the governance, and improve its competence so as to make the government performance-oriented." This was the first time that government performance management had been elevated to the height of national strategy. We must make government performance management part of the state's legal system so that it will become a regular and mainstream method for government management.

Sixth, strengthen government innovation. The encouragement of government innovations must be institutionalized so that government functional transformations and improved services may be achieved through innovation. We must uphold the principle of innovation and constantly deepen government reforms through innovations in institutions and management. Effective incentive mechanisms need to be established in order to encourage local governments at different departments to be more innovative. Efforts should be made to guide local governments and departments to actively explore and innovate in areas of promoting strategic economic structural adjustments, achieving transformations in economic development models, accelerating coordinated development between urban and rural areas, innovating and strengthening social management as well as improving people's livelihoods.

Seventh, improve the management of officials. We must improve the ways in which officials are selected and managed and establish an administration system that strikes a balance between power and obligation, the management of affairs and that of personnel, oversight and accountability, and punishment and awards. The administration system needs to be characterized by scientific decision making, resolute implementation, effective supervision, corruption prevention, and punishment as well as clean governance. At the same time, civil servants' capacity building must be strengthened so as to meet the demands of governance modernization. We must relentlessly fight against corruption, conduct systematic research on and scientific design of mechanisms that supervise, manage, and incentivize civil servants, and address problems of mediocrity and laziness within the government.

3.3 Performance Management in State Governance System and Governance Capacity Modernization

Government performance management has the fundamental value rationality of democracy and accountability as well as instrumental rationality of administrative efficiency and governance capacity, which are irreplaceable by other administrative means and instruments. Modern state governance requires the establishment of comprehensive coordination and promotion mechanisms, which represents an opportunity for government performance management to become an important means of and driving force for the building of state governance system and the achievement of the modernization of state governance system.

a. Government performance management may achieve rational division of labor and efficient execution

Effective governance emphasizes the governance of social and public affairs by multiple stakeholders, including government, public, and private enterprises, social organizations, and citizens, which are all regarded as important participants in public affairs. The key to governance capacity modernization lies in clear delimitation of responsibilities of the government, market, and society. In the relationship between the government and the market, the decisive role of the market in allocation of resources must be given full play. In the relationship between the government and the society, members of the society must be allowed to take part in social governance and conduct self-management. The role of government performance management is to promote joint governance by multiple stakeholders through cost effective ways so as to make governance more systematic, integral, and coordinated.

Execution is the capacity to effectively use resources to fully achieve objectives and is the capability to materialize strategic visions and realize expected goals. Government performance management may assess and monitor policy execution, and in turn has an impact on the administrative system in which the power of decision making, execution and monitor restrict and coordinate each other, improving the execution capacity of the government and individuals as a result.

i. Highlight responsibilities

Guiding and mobilizing different levels of departments and civil servants to effectively carry out important local government decisions for development and reform is of vital importance, as it directly determines government performance and whether government objectives are achieved. Government performance management clearly defines government goals, strengthens the sense of responsibility, encourages the participation of multiple stakeholders, and introduces external oversight, transforming external pressure on the government to the motivation of the government and civil servants to serve the people.

ii. Proper division of labor

If the relationship between the government and society is inappropriately defined, problems in government functioning abound to occur. By establishing clear index,

government performance management may effectively guide government functional transformations, facilitate the government and civil servants to fulfill their duties in economic adjustment and market regulation, prioritize the functions of social management and public service, so as to achieve a rational division of labor between the government, market, and society. The principle is that those problems that can be addressed by the market should be left to the market; those that can be addressed by the society should be left to the society; and these problems that lie within the responsibility of the government must be properly addressed by the government.

iii. Evaluation and verification

The implementation of the performance management index system may incentivize, guide, and monitor government departments and civil servants to proceed with their work according to the performance plans, achieve the expected goals as well as the organizational mission and strategy. The progress of policy implementation may be monitored real time through performance supervision and feedbacks; performance evaluation may enable timely information collection and feedbacks so that policymakers may analyze the actual situation of policy implementation and make assessments accordingly. Therefore, the evaluation, monitoring, and verification of policy implementation may make sure that policies will be actually carried out.

b. Performance management may promote the institutionalization of governance to government responsiveness

One of the most important ways to regulate the governance process is to strengthen the system of checks and supervision over power. The establishment of a sound government performance management system may guide governments at different levels to set standards for the policymaking process, heed different voices, subject themselves to monitoring, and respond to public demands timely. "Public demands" are wishes, views, and requirements expressed through certain channels by the public regarding their own interests or relevant social problems; "response" is reaction by government departments to public demands in a timely and responsible manner. Such a positive interaction between public demands and government responses is the precondition for the ultimate achievement of public interest.

i. Performance management may provide an institutionalized platform of public participation and public opinion expression for government governance

As one of the characteristics of modern government performance management is the diversity of its participants, it provides a practical channel for citizens to participate in politics orderly by actively encouraging such participation. Public participation in government performance management, citizens' expression of views and suggestions, and public evaluation and interest amounts can provide a stable source of public opinion for the government. The establishment of smooth and institutionalized channels of communication between the government and the public has alleviated social pressure on government decision making and policy implementation. It may also encourage governments at different levels and different departments to step up self-discipline and improve governance capabilities.

ii. Performance management makes government responses more effective

In government performance management, the public is able to participate in public governance and make their and evaluations voices heard. As the public voices and evaluations are collected and relayed to relevant authorities, many problems will be discovered in a timely manner. This function of performance management enables the government to get firsthand materials about people's lives and zoom in on the real problems of the society, so that effectively solving problems and alleviating tensions would be possible. Apart from that, performance management may also identify common and prominent problems in government performance management, organize relevant authorities and experts to study the causes of such problems so as to come up with solutions to improve the overall performance of the government.

c. Performance management may promote democratic government governance and scientific decision making

Democracy is the fundamental characteristic of the modern state governance system and the fundamental difference between modern and traditional state governance systems. Therefore, political scientists also call modern state governance democratic governance.[38]Government performance management may provide channels for the public to broadly participate in public decision making, establish a platform for positive interactions between the government and public, make the government's decisions on public affairs more democratic and scientific, and reduce obstacles to decision implementation.

When we say government decision making is scientific, we mean the values undergirding the decision-making process as well as its methods and procedures must follow the principles of democracy and assigns so as to reduce decision risks and costs and improve decision-making quality. The most important thing for the establishment of a government scientific decision-making mechanism is to achieve fundamental shifts in the three aspects of decision-making subjects, decision-making mentality, and decision-making procedures.

i. Allow more parties to engage in the decision-making process

The public is not only one of the participating parties to the government decision-making process, but would also be the most affected by government decisions. As one of the decision-making subjects, the public is entitled to express suggestions and wishes to those in the government who directly make decisions, and to express their interest amounts through various channels and influence government decision making. As the general public will be affected by government decisions, implementing government performance management may process and identify problems in the formulation and implementation of policies so as to provide necessary information and basis for policy adjustments, corrections, and terminations. On the other hand, allowing citizens to engage in and evaluate government performance may enable the government to formulate more targeted policies and better address public concerns. In the process of performance management communication, feedback, and

[38]Wang (2014).

outcomes application, the feedback from performance evaluation can make public decision making more democratic and scientific.

ii. Make the decision-making mentality more science-oriented

Government performance management may guide civil citizens to have a correct understanding of political performance and make sure the work is in compliance with the general strategy of the Party and the State. In terms of regional development decision making, the setting of evaluation index may effectively address the relationships between the short-term and long-term objectives and the potential and explicit performance. It may also coordinate different aspects including economic development, social governance, people's livelihood and resource, and environmental protection. The index is designed according to government functions such as public services and social governance so that government departments may focus more attention to improving people's lives, public service governance, and social governance.

iii. Standardize the decision-making procedures

Scientific decision-making procedures mean that the decision-making process follows a certain standard. Standard decision-making procedures need to have fair decision-making rules, consistent decision-making standards, and democratically centralized decision-making process. Setting scientific and reasonable performance evaluation index system and clarifying evaluation standards may lead to clearer expectations about government decision making, including impacts on decision-makers, enforcers, and interested parties and whether their respective demands would be satisfied; analyzing policy performance and relevant facts may contribute to better understanding of decision-makers and enforcers about policy implementation; government performance management may also enable timely provision of feedbacks about policy implementation, performance evaluation situation and relevant suggestions and recommendations to decision-makers and enforcers as means and references to monitor and control policy implementation.

d. Performance management may spur innovation and facilitate government reform and transition

As government performance management uses scientific standards, procedures, and methodologies to make objective and fair evaluation about government performance, it is an important basis on which the level of government governance and efficiency may be gauged, an important instrument for government responsibility fulfillment, government management, and public service capability improvement. The significance of government performance management is beyond methodology reform and progress in management methods, but a paradigm shift for public administration.[39]

[39] Sang (2007).

i. Usher in government reform and innovation

The process of the promotion and implementation of government performance management is also a process of public administration system reform and innovation. The implementation of China's public administration concepts, methods, and methodologies such as the objective responsibility system, efficiency supervision system, social service commitment system, efficiency building, government performance evaluation, and management have contributed to the reform and development of the public administration system. The procedures in government performance management, including performance planning, performance supervision, performance evaluation, performance feedback, and performance improvement, evaluate organizations and individuals, facilitate internal competition, relate evaluation outcomes and rewards, and make sure that those who excel awarded and those who do not fulfill the responsibilities are punished. Such competition is bound to serve as a driving force for innovation for both organizations and individuals, who will actively innovate the ways of management and service.

The fact that government performance management is participated by multiple actors and that attention is paid to a management model that integrates processes and outcomes has given it strong ability to identify and address problems. This may help government departments discover problems in their work and push the government to reflect on the workflow and responsibilities as well as adopt new measures in order to address these problems and their consequences, which provides motivations for innovation.

ii. Accelerate government functional transition

Government performance management has huge impact on the ways the government operates and civil servants fulfill the duties. First, the establishment of the index system will guide government departments to shift the focus to create a good environment for development, provide high-quality public service, and ensure social fairness and justice. Second, scientific, objective, and detailed evaluation and analysis may be conducted through performance management to determine whether the government departments have fulfilled their duties, whether the handling of public affairs has satisfied public demand, and whether public interest objectives have been achieved. Finally, government performance management may help to overcome the bureaucratic culture within the public system, optimize workflow, achieve government reengineering, facilitate government functional transitions, and improve the ability to provide public service and the level of social management.

4 Government Performance Management and Political Legitimacy

A deeper rationale behind government performance management is political legitimacy. The survival of any political rules must be based on popular acceptance and

acknowledgment, that is, political legitimacy. The intimacy is the key to the persistence of a political regime and is critical to the success or failure of the role of any State. Alexi de Tocqueville once pointed out that everybody blames the government for their plight, and even the most inevitable calamities are attributed to the government.[40] Therefore, those in power usually would seek social and economic development to consolidate their legitimacy, which is the core issue and major purpose for any state political activities. Government performance management may help improve government efficiency and governance, and maintain and strengthen political legitimacy.

4.1 The Origin of Political Legitimacy

Political legitimacy is the process in which political power its followers justify its legitimacy. It is the acknowledgment of the reigning power.

The concept of legitimacy was developed by Rousseau from the perspective of social contract. In *The Social Contract*, Rousseau argues that the basis of political legitimacy lies in "general will," and repudiated the traditional belief of the "divine right of kings." This has constituted the political philosophical basis of contemporary political legitimacy theories.

Max Weber further developed the concept of political legitimacy from the perspective of sociology and proposed that there are three types of legitimate rule: first, traditional authority, which is based on traditions and ideologies that have existed for generations and have been sanctified due to its long existence. Examples of such authority include dynasties and hereditary monarchy; second, charismatic authority, which is based on the charisma of the leader and the followers' belief in the leader's right to lead by virtue of magical powers, which commands absolute loyalty from the followers; third, legal authority, which is a regime that is created through competitive democratic elections and is based on the compliance with officially established rules and laws, effective trust of legal instruments, and regulations formulated on the basis of reason.[41] Max Weber supported his argument with empirical evidence and demonstrated that any stable and successful rule must be legitimate regardless of its form; because illegitimate rule does not last.

Habermas' views on political legitimacy are more rational. He believes that "legitimacy means that the value of a certain political order is recognized,"[42] and that the criteria of a regime's legitimacy lie in the degree of compatibility between the political order and the values and norms of the times. He emphasizes that the stability of a ruling order is hinged upon the acknowledgment of the regime from the ruled. A legitimation crisis, in essence, is an identity crisis. Habermas analyzed the strategies adopted by different States in the periods of liberal capitalism and monopoly capital-

[40] de Tocquevill (1992), 131.

[41] Max (1997), 238–242.

[42] Jürgen (1989), 184.

ism for stability and economic development, and concluded that political legitimacy rests in gaining support and loyalty from the general public through values and norms.

Professor Zhao Dingxin with University of Chicago modified Max Weber's views and redefined the three types of political authority: (1) legal electoral authority, (2) ideological authority, and (3) performance-based authority. Zhao uses ideological authority to replace traditional authority in order to cover all types of political legitimacy that is built upon values. He believes that charismatic authority is only an extreme form of ideological authority. Most importantly, he regards performance authority as a major aspect of political authority. Zhao believes that "performance authority means the legitimacy of a political ruling power comes from its economic performance and/or virtue as well as the ability to defend territory."[43] The three types are not pure classification, but impure theoretical construction, as it is impossible for a regime to survive upon one single type of legitimacy. But a State tends to have a predominant legitimacy that determines the nature of the regime in a certain period of time.

The focus of contention over political legitimacy shifted from natural law to spirit of contract, values, and norms, and to the more pragmatic concept of government performance, which reflects the reactions to politics and pursuit for justice in different periods of time with different stages of socioeconomic development. "Given the hope for good governance of the human society, justice has always been the ultimate goal of legitimation."[44] The debate over political legitimacy also reflects the development trend toward pluralism of values.

4.2 Performance Has Always Been One of the Sources of Political Legitimacy in China

The debate and discussion about political legitimacy in China have been around for a long time as well. In ancient China, the ruling class consisting of emperors, generals, and ministers would make sure to find a predominant theory to provide legitimate basis for the establishment and survival of its political order. The most common seen of such "theories" was "the mandate of heaven." The theory of "conforming to the mandate of heaven and complying with the will of the people" emerged as early as in the Western Zhou period. Another important theory is the leader's personal virtue. On the other hand, as laws in ancient China are different from laws in the modern times, they had only been regarded by the ruling class as a governing tool and never seen as a source of political legitimacy in ancient China. Nonetheless, although laws were not the basis of government in ancient China, the concepts such as "the divine right of emperors," the legitimate successor, and the rightful behaviors of rulers have

[43] Zhao et al. (2012).

[44] Wang (2008), 3.

constituted the core of the ancient Chinese political theories. These principles also belong to the realm of political legitimacy in modern sense.[45]

In ancient China, when regime change took place, "the mandate of heaven" would be the predominant factor that constitutes political legitimacy. "The mandate of heaven" essentially emphasizes the emperor's virtue and integrity. For example, when the Western Zhou, a small state with a population of only 60,000, conquered the strong Shang-Tang Dynasty, attempted to use this concept to weaken the population's identification with Shang-Tang and establish legitimacy for its own. The Western Zhou rulers explained the regime change with "the mandate of heaven," according to which the heaven deprived the Shang Dynasty the sacred power to rule and gave it to Zhou due to the Shang emperor's corruption and cruelty and the Zhou ruler's virtue. This concept was first put forward by the ruling class the Western Zhou and was incorporated in Confucianism during the period of Spring and Autumn and the Period of Warring States and became a cornerstone of political legitimacy in the following dynasties.

As the regime became more stable, performance gradually became a core element of political legitimacy. This was not lost on the Western Zhou rulers who proposed the "mandate of heaven" in the first place. They believed that for the mandate of heaven to be sustained, the ruling class must strive for good governance, as popular support was hinged upon political performance. In Chinese history, only when the "wise emperors" and "virtuous ministers" adopted benevolent policies that brought about prosperity and peace to the people, would the state be wealthy and strong. Performance became a powerful check on rulers in ancient China, determined the relationship between the state and society, and had a direct influence on people's identification and compliance with the ruling class.

In the wake of the founding of the New China, Mao Zedong and other leading members of the Communist Party of China (CPC) famously decided to move the Central Committee of the CPC to Peking. Mao Zedong famously said about the decision: "Today we race to the capital for the imperial examination (*jin jing gan kao*)." This move was out of considerations about the core element of political legitimacy—performance—as the CPC was about to become a ruling Party. At that critical historical juncture, the CPC was faced with huge responsibilities and grim challenges. The "examination" in Mao's words is not just for one time, but a permanent examination: The CPC will be taking the exam as long as it is in power.

The Third Plenary Session of the 11th CPC Central Committee that was held in 1978 ushered in a new phase of reform and opening up and modernization of China. The session was held in a context of severe challenges to the Party's political legitimacy. A "decade of catastrophe" caused by the "cultural revolution" had wreaked havoc on China's economy and society, and left people confused and disoriented. All sectors of the society started to reflect on the political, economic, and cultural distortions during the "cultural revolution." Against this background, the new generation of Chinese leadership with Deng Xiaoping at the core started to review the policies and strategies that had been adopted by the Party and the State since the founding of the

[45] Zhao et al. (2012).

New China in an attempt to find something substantive to maintain and strengthen the CPC's legitimacy.[46] Subsequently, the development strategy that emphasizes economic development through reform and opening up became the state's inevitable choice. The corresponding GDP-oriented and performance evaluation-based promotion system has contributed to rapid economic growth, the satisfaction of increasing public material and cultural demands, and higher public acknowledgment, trust, and support for the political regime and system led by the CPC. As the famous policy instructions such as "development is of overriding importance" and "we must firmly commit ourselves to the central task of economic development, concentrate on construction and development, and keep releasing and developing the productive forces" go, in the over thirty years since the adoption of the reform and opening up policy, the performance legitimacy has been mainly manifested in rapid economic growth. In 2014, Zhong Yang, Professor of Political Science with the University of Tennessee, used large sample empirical research data to measure and analyze the degree of political trust of residents of ten major Chinese cities and found that the governance performance of municipal governments tends to determine popular political trust more directly and significantly. To gain more popular support, the government needs to further improve policy performance, address problems in government operation such as corruption and low efficiency, and strive to provide better public service.[47] Zhong's study has borne out Chinese local governments' pursuit for and reliance on high performance and is of practical political significance, as local governments hope to improve governance performance through innovative ways of government management.

The fact that the Chinese government has striven to gain political legitimacy through economic growth and development is because China is in a period of rapid political, economic, and social transitions, in which the appeal of radiational ideologies has been declining in front of the challenges presented by an open and diverse society, while the newly emerged and therefore incomplete ideological system could not provide necessary legal resources and is insufficient to support political legitimacy. In this context, the government found it imperative to prove the regime's political legitimacy through economic performance. But in the long term, economic performance as the single source of political legitimacy will also be challenged. On the one hand, economic development itself is full of uncertainties; on the other, rapid economic development inevitably leads to higher public expectations for the government as well as higher demands over social welfare and political engagement. "The fact that high growth rate may not last forever, the fragmentation of the political system, the deteriorating income gap and social conflict, performances crises or value changes may all lead to losses of legitimacy."[48] Through time and with the negative impact resulted from one-sided pursuit of GDP, the political legitimacy of the

[46] Wang (2014).

[47] Quoted in Tao (2014).

[48] See Bruce Gilley, *Legitimacy and Institutional Change: the Case of China*, Quoted in *Governance and Adaptation of the Chinese Communist Party: A Comparative Perspective* by Yu et al. (2015), 12.

government may fall into a "performance dilemma" when economic development has reached a certain stage and the "marginal legitimacy" generated by economic growth has reduced. In other words, since political legitimacy is built on political performance, the government will lose its legitimacy when it is unable to produce good performance, or legitimacy will go down a track of decline as the growth rate becomes lower.

At this stage, China is experiencing an important phase of socioeconomic transition as the "dividend" of growth-based performance legitimacy is being reduced. "Democracy, not autocracy, rule of law, not rule by man, and good governance, not good policies, have become the major sources of modern political authority and legitimacy. Correspondingly, only by following the path of democracy, rule of law, and good governance can the strengthening of political authority be compatible with the requirements and trends of modern political civilization."[49] Therefore, in order to maintain lasting peace and social stability and as well as the rule of the CPC, efforts must be made to enhance the resources of political legitimacy, deepen reforms from the perspective of the rule of law, base institutional designs on democratic ideas, further increase citizens' orderly political participation, effectively strengthen checks and oversight on power, comprehensively advance the rule of law, and achieve the transition from growth-based political legitimacy to legitimacy that is based on democracy and the rule of law.

4.3 Government Performance Management May Consolidate and Improve Political Legitimacy

The basis of political legitimacy of a regime includes not only historical origin and ideology, but also the effectiveness of the rule. American political scientist Seymour Martin Lipset pointed out that "effectiveness means actual performance, the extent to which the system satisfies the basic functions of government as most of the population and such powerful groups within it is big business or the armed forces see them"; "the breakdown of effectiveness, repeatedly or for long period, will endanger even a legitimate system's stability," "on the other hand, effectiveness over a number of generations may give legitimacy to political system." Effective governance consists of multiple factors, out of which political economic and social aspects of the most important. In other words, political performance, economic performance, and social performance reflect how effective government governance is. Political performance is the degree to which political system and democracy are improved, national cohesion strengthened, and political culture promoted through institutional arrangements, and is reflected by various indicators such as lawful administration, national security and stability, clean and efficient government, openness, transparency, justice, and democracy. In the context of market economy, economic performance is mainly manifested in the promotion and maintenance of sustainable economic development,

[49] Yu (2016).

that is, not only the economy would grow in size, but also in quality indicators in this area include GDP growth rate, per capita income growth rate, employment rate, inflation, and interest and exchange rate, etc. Social performance establishes a social governance system that is in line with economic and political development, constantly improve basic public services, maintain social justice, satisfy public demands, strengthen citizens" sense of ownership, and help them have better lives.

The inherent value of government performance management lies in its ability to help government improve political, economic, and social performance. Therefore, government performance management is critical to consolidating and strengthening political legitimacy.

First, government performance management is in line with the development trend of democracy in modern times. The maintenance of political order is not only reliant on the state police force and military as the last safeguard. What is essential is the population's emotional affinity and support, which consequently turned into rational behavior. The driving forces of such kind of transformation are rooted in public's ability to directly engage in government decision making and public management. As the population's understanding of, identification with and support for the government as well as their recognition of the legitimacy of the regime and the longer limited to political processes such as elections and voting and have extended to public management and public decision making, more focus will be shifted to government behavior in public management and the perception and evaluation of the resulting performance. It is exactly through the procedures of performance planning, performance monitoring, performance evaluation, performance feedback, and performance improvement that government performance management has ensured orderly public political participation, and timely and effective government responses, making positive interactions between the government and the public possible. Positive interactions strengthen public's understanding of and identification with the government, therefore effectively reducing obstacles to policy implementation and improving government efficiency. Efficiency improvement, in turn, will be able to further strengthen public trust.

Second, government performance management is a good starting point to effectively boost sustainable economic development. The key to sustainable economic development lies in the transition of the economic development model. The economic development model of a country or region is, to a large extent, determined by the economic development model that was selected, and it will have a strong path dependence. Therefore, to accelerate the transition of economic development model, the pace of reform and innovation must be expedited. Efforts should be made to break the fetters of old systems and mechanisms, and build and improve new systems and the mechanisms that are scientific and effective, with special attention paid to government reform. Government performance management has direct impact on cadres' perception on political performance through index designs. It works like a baton that leads cadres to take measures to make sure government behaviors are compatible with the goal of changing the economic development model. Quotation will be paid to the evaluation of how the economic development model has been changed, and not be limited only to growth rate. Indicators such as resource cost, environmental

protection, people's livelihoods, and others that reflect the transitioning of economic development model are included in order to incentivize and mobilize local governments and departments to change the ways economy develops. The implementation of government performance management may strengthen evaluation of functions and responsibilities, achieve government functional transitions, facilitate the government to better adapt to the requirements of market economy, shift the focus of government work from directly intervening in micro-economic activities to strengthen macro-adjustment and market supervision, establish and improve legal system and spur market participation and activities, and improve the public participation mechanism as well as the mechanism of right protection and dispute settlement. As one of the characteristics of government performance management is multiple participants, it may give full play to the roles of citizens and civil societies to build institutional bridges between the government and the society and in turn push forward the transition of social governance from government regulation-oriented to a coordination and consultation model. Government performance management encourages government departments and civil servants to change management perceptions, enforce the sense of service, follow a problem-oriented way of thinking, pay attention and respond to public demands promptly, and strengthen the government capacity to respond to public needs. The implementation of government performance management may facilitate the formation of governance principles that are compatible with modern market economy and political democracy, reinforce dialogues and consultations between different participants, leave in advance sufficient space for self-governance of grassroots organizations, incentivize social actors to shoulder more responsibilities, and enable members of the society to have voices and influence in social governance.

Lastly, government performance management may improve public trust for the government by addressing the problem of "no performance." Solving the "no performance" problem has both governance and political implications. The so-called no performance problem include the various misconducts such as the "four-isms" (formalism, bureaucracy, hedonism, and extravagance), "three No's" (no action, no implementation, no responsibility), seeking only GDP and immediate profit, killing the hen to get the eggs, putting up face-saving projects at any costs. Problems in terms of institution and mechanism include redundant projects, the inability of public resources to be shared, disconnection between construction and management, lack of coordination between different government departments, and lack of long-term mechanisms. Government performance management may optimize evaluation index, giving more weight to public evaluation, conduct performance evaluation, identify problems, improve efficiency, and carry out performance accountability, so as to address "no performance" and improve government enforcement power, reduce corruption and in action, improve government work style as well as governance capacity and generate more popular support.

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Chapter 2
Evolution of Hangzhou Government Performance Management System



The Hangzhou government performance management system started with an objective-based responsibility assessment system in the early 1990s. In 2000, the external evaluation was introduced to select "satisfactory Entity and Dissatisfactory Entity" (hereinafter referred to as "satisfaction-based selection" or "Vote for Excellence"). In 2005, the comprehensive appraisal and evaluation were implemented. After 2011, an all-round performance management system was phased in. The evolution went through four stages and three leap-forwards, developing from closed internal appraisal to open external appraisal to comprehensive performance evaluation to all-round promotion of performance management development. Its nature is the gradual transformation of closed government management to diversified government governance, and it is an epitome of the transition of traditional local Chinese government governance into a modern one.

1 Origin of Performance Management: Objective-Based Responsibility Assessment

Objective-based responsibility assessment system is guided by administrative management objectives and rooted in administrative responsibility system. Regular inspections of the work and the behavior of administrative organizations or administrative personnel are organized to motivate administrative organizations to continuously improve its work and strive for good performance with the help of a reward and punishment system affirming positive behavior and discourage negative behavior. Objective-based responsibility assessment has been successfully applied in corporate management since the 1960s and become an integral part of the modern management theory system. The central idea of objective management is to guide managers to focus on the objectives of organizations instead of the details of the organizations, such as the processes and the management system. The different responsibilities of high-level, medium-level, and first-line managers are emphasized: High-level man-

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agers "set objectives" and retain the ultimate authority to approve objectives; managers at the operation level "develop objectives," but cannot go beyond high-level managers' ultimate control of management.

Objective-based responsibility assessment system is the first stage of Hangzhou government performance management. It consulted the common domestic practices back then and had two distinctive features: Firstly, the assessment method relied on a top-down system; secondly, the content of assessment focused on economic growth. These were closely related to the political, economic, and social development background at that time.

1.1 Objective-Based Responsibility Assessment: Internally Driven Performance Assessment

a. Application and exploration of objective management in China

Developed countries have successful practices in management by objectives. From the 1940s to the 1970s, the study of government performance assessment in developed countries was called administrative efficiency research and it was a continuation of the traditional administrative performance assessment model. At the beginning of 1940, governments represented by the USA made further explorations of government performance assessment. "The government's administrative agencies, especially the budget bureau, started to formulate work performance assessment methods and work performance standards."[1] Subsequently, Simon et al. advocated that the assessment should cover demands, results, costs, efforts, and performance. The Hoover Commission referred to its report as a performance budget, thus creating a new era of government performance budgets. Building on this, the US government successively implemented plan-programming-budgeting (PPB), management by objectives (MBO), and zero-based budgeting (ZBB). These played an important role in improving service quality, controlling costs, increasing productivity, and solving special problems.

The domestic objective-based responsibility assessment system has drawn lessons from the basic practices of MBO in terms of assessment principles, applied methods and assessment indicators, and applied research results and practical experience abroad in business administration and government agencies. When MBO was introduced into China in the mid-1960s, it was firstly applied industrial and commercial enterprises under the name "management by guidelines and objectives." In the 1980s, the State economic commission started to promote MBO as one of the 18 modern management methods in industrial and mining enterprises nationwide after accumulating some experience by piloting it in large and medium-sized enterprises. The enterprises broke their production and operation guidelines down into specific operational objectives and integrated MBO with post-based responsibility system (different posts have different responsibilities) so as to promote management by

[1] Henry (2002).

guidelines and objectives. As a result, an MBO system with Chinese characteristics started to take shape.

Building on the remarkable results achieved in State-owned large and medium-sized enterprises adopting objective-based responsibility management system, the Party and government agencies started to adopt MBO nationwide after piloting it in a few provinces and cities. Post-based responsibility system was first piloted in some provincial Party and government agencies in Liaoning Province and then promoted across the nation. In December of 1982, the labor and human resources ministry issued the Notice on Adopting Post-based Responsibility System for Employees with National Administrative Agencies. In January of 1984, the organization department of the Party's Central Committee and the labor and human resources ministry jointly held a seminar on post-based responsibility system in national Party and government agencies. In 1985 and 1986, the labor and human resources ministry held three national seminars on post-based responsibility system and the reform theories of the personnel system in Jilin, Sichuan, and Hunan successively, carefully summing up the experiences of the responsibility system in Party and government agencies and thoroughly discussing the theoretical and practical issues of the post-based responsibility system. Since then, MBO has been widely promoted in Party and government agencies in the form of responsibility system. By 2002, more than 200 cities, including more than 20 provincial capitals, have adopted MBO.

b. The social and historical background for Hangzhou to adopt objective-based responsibility assessment system

Since the Third Plenary Session of the 11th CPC Central Committee, great changes have taken place in China under the leadership of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. The social productive forces were liberated, the entire nation was rejuvenated, and the stable and united political situation continued to consolidate. However, with the gradual deepening of the reform and opening up, many "bottleneck" problems have also emerged. In the face of the complex international and domestic situation, Deng Xiaoping proposed the idea of "crossing the river by feeling the stones" in the late 1980s and early 1990s, believing that "we shall be good at seizing opportunities to solve our development problems" and stressing that "don't be afraid of taking some risks" in order to promote reform and opening up and that "the more we promote reform and opening up, the more we are able to bear and resist risks." In 1992, in view of the stagnant economy and that many people still considered planned economy and market economy as important features of capitalism and socialism, Deng Xiaoping made the famous speeches in southern China. "A little more planning or a little more market is not the defining differences between socialism and capitalism. The planned economy is not equivalent to socialism, because capitalism also adopts planning; market economy is not equivalent to capitalism, because socialism also has markets. Planning and markets are both economic tools."[2] Deng Xiaoping's speeches in southern China fundamentally lifted the ideological shackles considering planned economy as essential to socialism

[2]Deng (1993).

and as a defining difference between socialism and capitalism. After Deng Xiaoping made the speeches in southern China at the beginning of 1992, the 14th Party Congress held in October explicitly proposed to take the establishment of socialist market economy as the goal of reform, becoming an important milestone for China to comprehensively advance and deepen the reform of the economic system and launching a new round of economic reforms so as to usher in a new growth period for China's economic and social development.

Entering the 1990s, the world economic situation underwent tremendous changes with a series of new phenomena. Economic globalization continued to develop, global market integration continued to deepen, and world economy saw expanding space for development. All these had a huge impact on the USA and EU, which were at the core of global economy, and also brought new opportunities for China's reform and opening up. In order to integrate various favorable factors at home and abroad, the Party's Central Committee and the State Council made a series of decisions on accelerating reform and opening up and economic development. The Party's 14th Congress further stimulated the already heating investment enthusiasm. "The annual economic growth rate was originally set at an average 6% of GNP, but based on the current international and domestic situation it could be even faster, possibly at 8–9%, according to preliminary calculations. We shall aim for it."[3]

Under the influence of the world economic situation and domestic macroeconomic policies, a new wave of economic development was started across the country. The national economy was put on a track of fast development, and the cause of reform and opening up and socialist modernization entered a new phase. All these brought new challenges to local governments and officials, in particular, after the 1990s when the focus of reform shifted to cities and the regional and urban development strategy began to receive high attention from local governments. The local governments were required to not only adapt to and integrate into the fast social and economic growth period, but also spread the fruits of economic and social development to more people. The most important foundation for the political legitimacy of a government in the transition period remains economic development.

As an open coastal city, Hangzhou is more sensitive to macroeconomic policies and the trend of the world economic development and more sober about the main tasks of a government in the transition period. After earnestly studying Deng Xiaoping's speeches made in southern China and the essence of the 14th Party Congress, Hangzhou government clarified the standards to examine the right and wrong practices of reform and opening up, and decided to accelerate the development of Hangzhou by deepening reform and opening wider up. After formulating the strategic targets and basic guideline for development, the local government worked to build Hangzhou into an important economic, tourist, scientific and technological, and cultural center for the southern part of the Yangtze River Delta and an international tourist city featuring prosperous economy, advanced science and education, stable society, and friendly environment. The city Party committee and the city government decided to intensify reform and opening up, and transform the previous low-level

[3]Zemin (1992).

and singular reform into an all-round and in-depth one with support measures. The functions and responsibilities of various local Party and government agencies also started to focus on economic development.

Since the middle and late 1980s, the objective-based management responsibility system has been widely adopted in government agencies as an important tool of performance management. In 1989, the country introduced efficacy monitoring into objective-based management so as to strengthen the ex ante and interim supervision of governments and better serve the demand for economic development. Against this background, Hangzhou also introduced objective-based management responsibility assessment system in the management of government agencies so as to improve the work efficiency and quality administrative agencies. Subsequently, the objective-based responsibility system was widely promoted within government agencies and government-related enterprises and entities in order to mobilize the enthusiasm of all responsible entities to achieve the development objectives set by the superiors.

1.2 Main Methods and Features of the Objective-Based Responsibility Assessment System

a. The development of objective-based responsibility assessment system in Hangzhou

1992–1998 was the initial stage of the objective-based management responsibility system. After Deng Xiaoping made the speeches in southern China in 1992, some cadres in government agencies started to do businesses because of low wages and low benefits with government agencies, delivering some impact to the stability of the ranks of cadres. In order to mobilize the work enthusiasm of remaining cadres and carry forward the work of government agencies, Hangzhou started to adopt objective-based responsibility system in city-level government agencies by drawing upon experiences from other parts of China. The specific approach is as follows: Firstly, the agencies directly affiliated with the city government adopted "chief objective-based responsibility system" in which department chief's completion of objectives represents the performance of the department; Secondly, at the end of each year or at the beginning of the following year, Hangzhou's city-level government agencies would organize system-based meetings attended by the heads of different departments, when the attendees would vote based on the department heads' briefing of their work so as to select the best-performing departments. Thirdly, after the assessment, the selected best-performing departments would be rewarded and all the attending departments would be rewarded for passing the objective-based responsibility assessment. The rewards for best-performing departments were mainly about morale support instead of financial rewards. The rewards for attending departments for passing the objective-based responsibility assessment would not see much difference, and the assessment involved only a limited number of cadres and none of the public.

The objective-based management responsibility system assessment started to develop after 1998. Several years after it was adopted, MBO was proved to play a positive role in carrying forward the work of government agencies, ensuring the completion of the work objectives set by the city's Party committee and the city government and increasing the income of cadres. However, the assessment method was flawed with unscientific objective setup, superficial assessment, rewards and punishment unmatched with the completion of objectives, insufficient incentives, and other problems. In order to improve the assessment method to make it play a bigger incentive role, Hangzhou put forward an assessment method with Hangzhou characteristics for objective-based management by learning from the practices in Ningbo and integrating it with Hangzhou's actual situation. The Notice on Further Improving the Objective-based Responsibility System in City-level Government Agencies was issued in the name of the office of the city's Party committee and the office of the city government to revise and adjust the assessment method in three aspects. Firstly, the content of the assessment was adjusted. Each and every agency directly affiliated with the city government has both function objectives and common objectives, accounting for 50%, respectively. Secondly, the assessment method was adjusted. The previous voting was canceled. Under the joint leadership of the city's MBO office and the leading departments in each system, the new assessment method combined everyday assessment with year-end assessment, both giving scores item by item. The scores would also be balanced comprehensively to arrive at a final score within a hundred-mark system. Thirdly, the assessment results were linked with more varied rewards or punishment. The formulation of the new assessment method marked Hangzhou city government's objective-based management assessment was taking shape, creating a favorable environment for government agencies to conduct self-management, and improving their self-management ability.

b. The basic method of Hangzhou's objective-based responsibility system assessment

Since Hangzhou started to conduct objective-based responsibility system assessment, a relatively complete management system has been gradually established.

Firstly, set up an organization department, including the MBO leading agency and the implementation agency. MBO leading agency is a leading group for the MBO in city-level government agencies with the deputy secretary in the city's Party committee in charge of Party–public relationship, standing members of the city's Party committee and the executive vice-mayor as the chief and deputy chief of the agency, and heads of the office of the city's Party committee, the office of the city's people's congress Standing Committee, the office of the city government, the office of the city's political consultative conference, the city's discipline department (the city's supervision bureau), the organization department for the city's Party committee, the publicity department for the city's Party committee, the politics and law committee for the city's Party committee, the city's development and reform department, the city's economic commission, the city's agricultural office, the city's construction commission, the city's trade bureau, the city's finance bureau, the city's statistics bureau, and other departments as members of the agency. The major responsibility

of the leading group is to determine the work principle and highlights of the annual assessments, review and determine the remarkable and best-performing departments in the assessments, review and determine the failed departments in the assessments, and review and determine other important issues submitted by the MBO office. The implementation agency is an office for MBO in city-level government agencies. It is a non-permanent agency and located in the office of the city's government. The director of the agency is doubled by the deputy director of the office of the city's government (later by chief secretary of the city's government), and its members are doubled by relevant division chiefs from the office of the city's Party committee, the office of the city government, the city's human resources bureau, the city's reform and development commission, the city's finance bureau, the city's civic enhancement office, the city's statistics bureau, and other related departments. The implementation office's major responsibility is to formulate objectives for and examine and assess the work of various city-level departments and nominate the list of remarkable and best-performing departments.

Secondly, identify the scope and the systems which are covered by the assessment. Hangzhou's objective-based responsibility system covers all city-level government agencies and all city-level entities under vertical management. The assessment is conducted system by system. City-level government agencies are divided into ten systems according to the nature of their work and their affiliations: Party–public relationship, city government, development and reform, economic commission, agricultural office, construction commission, tourism commission, publicity, education, culture and health, politics and law, the united front. The city Party committee office, the city government office, the city development and reform commission, the city economic commission, the city agricultural office, the city construction commission, the city tourism commission, the city publicity department, the city politics and law commission, and the city united front department lead their own systems, respectively, reviewing the formulated objectives, inspecting the assessment, and evaluating the completion of objectives.

Thirdly, identify the content and classification of objectives. Category I objectives are the annual work highlights of the city Party committee and the city government, as well as the suggestions and advice put forward by people from all circles in public review (in "satisfaction selection"). Category II objectives are the work highlights within the responsibility of each department that have a citywide influence. Category III objectives are other comprehensive works which are planned according to their importance and necessity and which have a wide influence.

Fourthly, standardize the assessment procedure. Objective assessment will be conducted monthly, semiannually, and at the end of year. The monthly assessment will be conducted by the department itself and the leading department in the system, and the semiannual and year-end assessment will be conducted by the city's objective office. The basic procedure for annual assessment is as follows: ① Self-assessment: Each department examines the implementation of their function objectives and common objectives and grades themselves objective by objective in reference to the grading standards before coming up with a written summary of the completion of objectives and reporting to the leading department in the system and the common objective

department. ② System assessment: The leading departments and the common objective department give scores and preliminary comments before reporting to the city's objective office by standing upon the self-assessment results and taking into account other specific factors in assessment. ③ Assessment and comments: By standing upon the assessment results proposed by the leading departments and the common objective department, the city's objective office gives assessment and comments and also informs the assessed departments of the reasons for score deduction to see if they have other opinions. After reconsidering the feedback from the assessed departments, the city's objective office will come up with comments on the assessment scores of each department and a suggested list of remarkable departments before reporting to the city's MBO leading group. ④ Feedback: The city's objective office will inform the assessed departments of the deduction of scores. If the assessed departments have second opinion, they may ask the city's objective office for review within the specified timeframe. ⑤ Announcement and publicity: The city's objective office will publish the preliminary assessment results of objective Category I, objective Category II, and innovative and advanced objectives, and then review them based on public comments and suggestions. ⑥ Review and conclusion: The city's MBO leading group will examine and review the assessment results and determine the final results of assessment.

Fifthly, formulate grading methods. The assessment gives scores item by item, which will be balanced comprehensively to arrive at a final score within a hundred-mark system. Scores will be given according to the number and progress of completed objectives, the quality of work, and other practical factors. Full score will be given when the objectives are completed comprehensively and on time and the quality of work meets objective management requirement. 98% of the full scores will be given when the objectives are completed not on time but within the assessment year and the quality of work meets objective management requirement. 90% of the full scores will be given when the objectives are completed on time but the quality of work doesn't meet objective management requirement. Zero score will be given when less than 60% of the objectives are completed or the work is of poor quality that it causes heavy losses. The items of leadership construction, clean government development, family planning, and overall control of social order have "veto power." If a department is given one "veto," then it is disqualified as a candidate for best-performing department selection. If a department is given two "vetos," then it is identified as an unqualified department.

Sixthly, improve the reward and punishment method. The objective assessment abides by the principle of rewarding the excellent, punishing the inferior and encouraging the advanced, and gives rewards and penalties according to the responsibilities and actual work performance. The assessment results are divided into four ranks: the remarkable, the advanced, the qualified and the unqualified according to the scores, and linked to the annual objective management reward. The amount of the reward varies properly according to the assessment results and the positions.

c. The success and flaws of objective-based responsibility system

The objective-based responsibility system assessment quantifies the work of government at all levels and all functional departments, makes it easier to measure the completion of work objectives of each department so as to serve as a reference for formulating the work objectives of the next year, and also links assessment results with the reward or punishment of cadres so that the staff of government at all levels and all departments are more motivated. From 1992 to 1999, with the continuous improvement in the objective-based responsibility system assessment, the government's governance capacity and administrative performance increased significantly. The objective-based responsibility system assessment injected new vitality into all departments and promoted the overall economic and social development of Hangzhou.

However, as a government governance method, objective-based responsibility system assessment has two obvious flaws. Firstly, the inherent flaws of objective-based responsibility system assessment. The assessment has single value orientation, which focuses on economic growth, GDP performance, the completion of projects and the amount of attracted investment and businessmen. The assessment latitude is single. The assessment is conducted only within the organizations and lacks in support and proof from other circles. The assessment method is single, adopting only traditional methods, such as examining the work records, holding seminars for suggestions and visiting the sites, instead of elaborating. Secondly, the system design has flaws. The objective management forces are widely scattered. Many departments are responsible for city-level assessment and selection, such as the city's Party committee office, the city government office, the organization department of the city's Party committee, the publicity department, the human resources bureau, the development and reform commission, the statistics bureau, the finance bureau, the petition and complaints bureau, and the city's discipline committee (supervision bureau). The city's objective office is a non-permanent agency and many of its members are part-time. There are many problems, such as widely scattered assessment forces, assessment staff lacking in energy, insufficient professional knowledge and incoherent operation mechanism. Thirdly, the assessments are many and overlapping. Too many year-end assessments are too complicated, severely distracting the energy of various agencies and making the assessments ill-coordinated and unsystematic.

On the whole, the objective-based responsibility system assessment abandons the second stage of foreign MBO model and only focuses on the setup of objectives and the assessment of results, thus lacking in the process management of objectives. In the traditional administrative system, as the main driver for objective-based assessment of government, governments at all levels are independent from the public and social organizations in terms of the setup and adjustment of objectives, thus resulting in monotonous assessment content, backward assessment methods, and other problems. The objective-based responsibility system focuses on the superiors assessing the inferiors, is supported by the self-assessment of different departments, and lacks in social and public assessment, thus resulting in governments at all levels only trying to be responsible for the superiors, unwilling to respond to public assessment

and demands and of weak awareness of public responsibility. As a result, when performing their actual work, the departments pursue only administrative efficiency instead of effective and scientific assessment methods, work to meet only economic objectives instead of the coordinated social development, and focus only on the completion of work objectives instead of the actual demands and supervision rights of the public.

2 From Objective-Based Responsibility System Assessment to "Satisfaction Selection"

Objective-based responsibility system assessment is similar to the new public administration movement started in Western developed countries in the 1970s. Both aim to improve government governance performance by decentralizing authority and responsibility. In terms of operation, objective-based responsibility system assessment is a management method operating within government and not having relationship with non-government entities. In 2000, Hangzhou carried out the "Vote for Excellence" campaign in organizations directly affiliated with city government in order to address the syndrome of "four difficulties" (which is used to refer to inconvenient government services, such as inaccessibility, poker face, harsh language, and complicated procedure). The campaign focuses on the public and their assessment of the annual work of Party and government agencies. "Vote for Excellence" aims to change the style of work of Party and government agencies, improve the soft environment for city development and increase city competitiveness. By introducing external supervision and assessment, "Vote for Excellence" transformed the previous model for government performance assessment, whose operation was enclosed and monotonous, and realized the first leap from objective-based responsibility system to "satisfaction selection." As a result, Hangzhou government's performance management entered the second stage, which is "satisfaction selection."

2.1 "Satisfaction Selection": Performance Assessment Driven by External Pressure

With the steady deepening of reform and opening up, China's regional economy has seen rapid development. The Pearl River Delta, the Yangtze River Delta, and the Bohai Bay have become the locomotives for China's economic development. In particular, the development of Shanghai's Pudong district has brought even more robust driving forces for the development of cities in the Yangtze River Delta. As the political, economic, and cultural center in the southern wing of Yangtze River Delta, Hangzhou's economic development has long maintained a leading position in the province and also a relatively high position in the nation. However, with the devel-

opment of other cities, especially Ningbo, which was bestowed with province-level economic jurisdiction, Hangzhou no longer had an obvious development advantage after the end of the 1990s. In 2000, Hangzhou realized a GDP of 138 billion yuan, an increase of 11.8% over the previous year. It was ranked at the 12th among 15 sub-provincial cities, seeing a widening distance from Guangzhou (13.6%), Shenzhen (14.2%), and other example cities and a shrinking distance from Wuhan (12.0%), Qingdao (15.2%), and other pursuing cities. Hangzhou's investment and business promotion work also lags behind other advanced regions in China.

At that time, Zhejiang provincial Party committee also held that Hangzhou is weak in integration, radiation, and services as a central city and is a limited driving force for the province. The city has a low industrial level, weak technological innovation capacity, and weak comprehensive competitiveness. The city's higher education is lagging behind, state-owned enterprises are faced with difficulties in reform and providing jobs and there are some unstable factors in the society. Government agencies are slow in transforming their functions and do not have a strong awareness of providing services, and the investment environment is less than ideal. Many large projects of some provincial organizations, which had been hoped to be located in Hangzhou, eventually landed in other regions because of various reasons, in particular some uncooperative government agencies in Hangzhou.

In the new century, the provincial Party committee put forward new requirements for Hangzhou, hoping that Hangzhou plays a leading role in the modernization of the province. The competition between regions and the rapid development of sister cities also exerted pressure on the city's Party committee and government, upping the sense of crisis and urgency. As a result, the city's Party committee and government set up the goal of "building an economically strong and culturally famous city" and adhered to the two-step strategy, which was the short-term objective of taking the lead in realizing modernization and the general strategy of "building a metropolis and a new paradise." Meanwhile, the city's Party committee conducted an in-depth study and analysis of the difficulties and problems facing Hangzhou in the new century and pinpointed two major problems which were the space of development and the work style of government agencies. The first problem was addressed by regional adjustment in which the previous cities of Xiaoshan and Yuan were annexed to Hangzhou as new districts, increasing Hangzhou's population from 1.79 million to 3.73 million and the land area from 684 to 3068 km^2. Expanded space enhanced Hangzhou's ability to optimize resource allocation, boosted its integration and radiation function and brought hard-won opportunity to the city's development. In the meantime, Hangzhou was also trying to improve the work style of government agencies, which was a more arduous task requiring longer-term solution.

In a sense, environment is productivity. A city's development environment is its competitiveness. The development environment and investment environment determine the future fate of a city, and the important part of the development environment is the "soft environment" of government services. At that time, the newly appointed main leaders of the city's Party committee very clearly recognized the significance of this "soft environment" for promoting the development of Hangzhou and conducted a profound analysis of the constraints that influenced the optimization of the

"soft environment." It was pointed out that problems concerning the work style of Hangzhou government are mainly manifested in four aspects. Firstly, a few government departments put their departmental interests ahead of ordinances. During their work, they consider more about their departmental interests instead of overall long-term interests, and they use their power as a tool to gain departmental and personal interests. The tendency of legalizing the practice of using departmental power to gain interests exists in many departments to various degrees. Secondly, formalism is a serious problem with weak implementation. Some cadres are used to doing superficial work and sinking into the sea of endless paperwork and meetings. They rely on meetings to arrange tasks and use documents to guide their work. Some are keen on meeting targets, organizing selection activities, and seeming to be busy with their work but hurting the interests of people in reality. Others only talk empty words and pay little attention to specific implementation. Thirdly, there are too many procedures for examination and approval, and the administration is inefficient. The approval of a project often requires dozens of stamps and the approval by dozens of departments. The grassroots departments report that the approval procedure is so complicated and so many that it seems it never ends. Even booking a newspaper sometimes requires the approval by a certain department. Fourthly, bureaucratism is serious, and sometimes the responsibilities are misplaced. The cadres of some departments are weak in their awareness of the interests of the people and their work principles. They cannot hear the voices of the people and are indifferent to the hardships and difficulties of the people.[4]

The syndrome of "four difficulties" (which is used to refer to inconvenient government services, such as inaccessibility, poker face, harsh language, and complicated procedure) becomes the "chronic disease" of the functional departments of the Hangzhou government at that time. These problems show that with the rapid economic and social development, not only the new economic development has put forward new requirements for the government's ability in market supervision and macro-control, but also the public has put forward higher requirements for the quantity and quality of public services. The objective-based responsibility system, a top-down closed assessment mechanism within the government, is already unable to meet the requirement of Hangzhou city government to achieve leap-forward development in the new century. It is imperative to seek a new and more effective performance management system to effectively improve the administrative efficacy of the government, thus taking shape the "satisfaction selection" campaign.

The "satisfaction selection" campaign is an important measure formulated and taken by Hangzhou city Party committee and city government to overhaul the work style of government agencies, targeting problems, such as weak awareness of the general situation, paramount departmental interests, excessive formalism, weak implementation, complex approval procedure, inefficient and low-quality service, in city-level government agencies. "The city Party committee and the city government shall

[4]Speech delivered by Wang Guoping, a member of the Standing Committee of the provincial Party committee of Zhejiang and the secretary of Hangzhou's city Party committee, at a work style conference of departments directly affiliated with the city government on October 30, 2000.

commend the satisfactory agencies and punish the dissatisfactory ones so as to explore the establishment of an incentive mechanism and a motive mechanism to promote the work style of government agencies. It's an important carrier for the city to change the work style of government agencies and improve the investment environment, and also an important means for the city Party committee and city government to consolidate implementation. Agencies directly affiliated with the city government shall take this opportunity to earnestly find out their problems and shortcomings in improving work style and take effective measures to make breakthroughs in transforming their work style," said Wang Guoping, a member of the Standing Committee of the provincial Party committee of Zhejiang and the secretary of Hangzhou's city Party committee at that time, at a work style conference of departments directly affiliated with the city government on October 30, 2000.

The "satisfaction selection" campaign is an important measure for Hangzhou to take the initiative to adapt to the socioeconomic development trend of the gradual formation of the socialist market economy and the gradual improvement in democratic politics and to promote the work style of government agencies through public selection. The change in the work style means the government pays more attention to the public and listens more to the public's voice, thus fundamentally changing the previously closed operation of the government. It is an innovative approach, marking Hangzhou government's performance management stepping into a new stage of making breakthroughs and advancing with the times.

2.2 Main Practices and Features of "Satisfaction Selection"

In October of 2000, the first "satisfaction selection" campaign was unfolded in all-round way in 54 agencies directly affiliated with the city government with clear and well-targeted objectives. The office of the leading group of "satisfaction selection" campaign was set up to take charge of the overall work, and the guiding ideology, selection targets, selection content, selection methods, and specific requirements of the selection received comprehensive publicity. The performance of the public sector was assessed in six aspects: awareness of the general situation, service purpose, service quality, work efficiency, diligence and integrity, and work achievement. The valuators consisted of four major levels (including 11 minor levels). Firstly, 445 deputies of the city's Party Congress, 469 deputies of the city's People's Congress, and 427 members of the city's committee of CPPCC (Chinese People's Political Consultative Conference) selected by the organization department of the city's Party committee, the Standing Committee of the city's People's Congress and the city's committee of CPPCC. Secondly, 100 urban construction, tourism and business and commerce companies affiliated with ministries, provincial government or city government, 100 industrial companies in the city or districts, 100 private businesses, 100 foreign companies, and 100 non-local investors. Thirdly, 4000 Hangzhou residents were selected randomly to attend the selection. Fourthly, agencies directly affiliated with the city government give assessments to each other.

The basic approach to "Vote for Excellence" is to design relevant questionnaires, invite people from all walks of life to evaluate the Party's style of conduct and work in agencies directly affiliated with the city government, and submit written criticism and suggestions on the work of various departments. In the questionnaire, the respondents can express their views on the overall conditions of the work style of government agencies and the existing major problems. In "satisfaction selection," the functions and responsibilities of the agencies directly affiliated with the city government are divided into different categories, and each category is assigned with different evaluation coefficients. The respondents are also assigned with corresponding evaluation weights. The office of "Vote for Excellence" is responsible for processing the evaluation data and opinions, and giving feedbacks to the agencies directly affiliated with the city government. The government agencies collect opinions and suggestions through questionnaires and other channels, carefully search for the underlying reasons, conduct comprehensive overhaul and make progress so as to receive a new round of evaluation by the people with better performance.

The first "Vote for Excellence" issued a total of 5969 votes, and 5736 were recovered with a recovery rate of 96.1%. More than 10,700 articles of opinions, amounting to 180,000 words, were collected from various sides and later combined into 2650. The office of "satisfaction selection" received public visits, calls, and letters day and night, and provided feedback in a timely manner, which were compiled into books. It has been proven that the "satisfaction selection" campaign has received extensive attention and support from all walks of life and is fruitful.

Compared with the first selection, the one in 2001 features new changes with more complete evaluation system. A total number of 85 government agencies participated in the selection and review (of which 79 in the selection and six in the review), which produced nine government agencies with the highest average satisfaction rate and three with higher average dissatisfaction rate. A total of 8919 entities and individuals from nine levels voted. Among them, 347 were deputies to the city's Party Congress, 381 representatives to the city's People's Congress, 354 members of the city's committee for Chinese People's Political Consultative Conference, 132 retired officials, experts and scholars, 101 agencies directly affiliated with the provincial government, 457 from the leadership of agencies directly affiliated with the city government, 337 from the leadership of districts and counties, 500 representatives from business circles, and 6300 representatives of residents. A total of 8919 votes were issued, and 8848 were recovered with a recovery rate of 99.2%. A total of 15,041 articles of comments and advices were collected, amounting to 500,000 words. Among them, 6242 articles were for the 79 agencies in the selection and 8799 for the six agencies in the review.

Compared with the selection in 2001, the one in 2002 again sees major changes. Firstly, according to their responsibilities and functions, the participatory agencies are divided into government departments, trial and procuratorate departments, people's congress and people's political consultative departments, Party–people relationship department, and others, and assessed and ranked separately. Secondly, community, township, and street are added as new levels of voting so as to significantly increase the number of voters. The share of citizens grew remarkably from 10 to 20%, fully

representing the concept of review, selection, and satisfaction by the people. Thirdly, grading methods are improved by increasing the number of scales from three (satisfied, basically satisfied, dissatisfied) to five (satisfied, relatively satisfied, basically satisfied, not that satisfied, dissatisfied). Given that some agencies are selected as with both high satisfaction rate and high dissatisfaction rate, the selection also adjusts its scoring method.

Drawing upon the work experience of the previous three years, the selection in 2003 is further improved and gradually matures. Firstly, more agencies take part in the selection and the categorization is more refined. Ninety-three participatory agencies are divided into selection agencies, review agencies and agencies taking advice. The selection agencies are further divided into government agencies providing more social services, government agencies providing fewer social services, agencies with people's congress, people's political consultative conference, Party–people relationship department and other departments. Secondly, representatives of voting levels are adjusted. Mutual review among agencies directly affiliated with city government is abolished, and community and county (city) bureaus are added as a new level. Thirdly, different weights are used in statistics and calculation methods. Different weights for different voting levels are adopted according to the categorization of selection agencies, and random sampling statistics are adopted for each voting level. Different types of selection agencies also have different selection coefficient with government agencies providing more social services assigned with a coefficient of 1.05. Fourthly, selection results generation method is improved and standard assessment is adopted. The "Vote for Excellence" scores, function and responsibility objective assessment scores, "12,345" assessment scores and scores of other special assessments of participatory agencies are combined and converted proportionately to arrive at the selection result, and then, the participatory agencies are ranked accordingly. The top 15% (or 12) of the participatory agencies are satisfied agencies (when an agency has a one-vote veto item, then it is disqualified as a satisfying agency; when more than one agencies have the same combined scores, then the one with higher average satisfaction rate has higher ranking). The last of those agencies below the cutoff line (with a combined score of less than 72) is the dissatisfying agency (when more than one agency has the same combined scores, then the one with higher average dissatisfaction rate has lower ranking). Fifthly, the application of the selection results is strengthened. The city's Party committee and the city government announce the selection results and publish them on Hangzhou Daily. The satisfying agencies are rewarded by the city's Party committee and the city government with notification commendation. Honorary medals are given to agencies selected as satisfying agencies for three years in a row. Dissatisfying agencies are announced by the city's Party committee and the city government, and also given according financial punishment. Agencies selected as dissatisfying agencies for three years in a row will see leadership adjustment according to relevant regulations and cadre management rules.

The selection in 2004 basically follows the approach in 2003 with minor adjustments. The number of participating agencies has increased to 95. According to the functions and responsibilities, the urban management office is listed as a govern-

ment agency providing more social services. Hangzhou Telecom, Hangzhou Tourism Group and other commercial and public service providing State-owned enterprises are listed as agencies for comments and advices. The shares of representatives of residents are increased properly.

a. The main features of "satisfaction selection"

For Hangzhou, although the "Vote for Excellence" is considered as a campaign, it is a long-term solution and method instead of an expedient work method to deal with the syndrome of "four difficulties" of agencies. Its development and follow-up improvement lay the foundation for the evolution of the campaign of "Vote for Excellence" into an institutionalized social evaluation method.

i. People's satisfaction orientation highlighted

With "satisfaction selection," Hangzhou government hopes to build pragmatic, pioneering, efficient and honest agencies, effectively optimize the environment for city development, improve the efficacy for government services and enhance the city's competitiveness and development impetus. The purpose of "Vote for Excellence" is "review and satisfaction by the people." "Review by the people" is the basic work method, and "satisfaction by the people" is the basic standard to examine work.

"Vote for Excellence" introduces mass line work mechanism and method in changing the work style of government agencies. With the approach of open-door rectification, the people are informed of, take part in, assess and supervise the government's work and their advices are heard sincerely. The collected opinions and suggestions are important basis and guidance to improve the work style. The advices and suggestions reflected in the selection are summarized and faithfully reported to relevant agencies, which then look into the underlying reasons, clearly define the responsibilities, and carry forward solid overhaul and reform so as to give a satisfying answer to the people.

"Vote for Excellence" promotes the solution of hot and difficult issues. Hot and difficult issues of people's concerns can be spotted in the advices collected through "Vote for Excellence" every year. For example, seven major issues of people's utmost concerns are extracted from the tens of thousands of suggestions collected through "Vote for Excellence" in 2002, which are difficulty in employment, access to medical resources, schooling, housing, transportation and parking, dealing with government agencies, and cleaning and maintenance. These issues account for more than half of the collected advices and have a direct bearing on people's well-being and the city's development, thus drawing high attention from the city's Party committee and the city government of Hangzhou. In 2004, the city's Party committee and the city government upgraded it into a strategic decision and formulated the "Implementation Opinions on Improving the Long-term Mechanism of Solving the Seven Major Issues Concerning the Vital Interests of the People," thus establishing a work mechanism of "addressing seven major difficulties" to improve people's well-being. The improvement in the work style of government agencies is combined with the solution of the actual problems faced with the people so as to promote changes and actions starting from issues with people are dissatisfied. Government agencies are urged to

improve their service attitude, service quality, and work efficiency so as to facilitate the service providing procedures and provide good services to the people.

ii. Wide participation by the public

"Vote for Excellence" has received strong support from people from all walks of life. With the in-depth development of the campaign, the voting levels are expanded from the original four to nine, and the number of voters rose from 6000 to more than 15,000 with expanding coverage and increasing representativeness. All these make the election results even more persuasive. The "satisfaction selection" also drew wide media coverage. As said in the story *Power in the sunshine: Hangzhou adjusts the dissatisfying leadership by mobilizing 6000 representatives to review government agencies* in People's Daily, "Hangzhou conducts such selection campaigns to select satisfying and dissatisfying agencies annually, which is an important measure by the city's Party committee and the city government in recent years to extensively involve the public in making major decisions and return power to the people."

iii. More attention to negative incentives

"Vote for Excellence" adopted an elimination system between 2000 and 2002, using "severe punishment" to address "four chronic problems" concerning the government's work style. On the one hand, the work style of government agencies has severely affected the development environment of Hangzhou. Inconvenient government services, such as inaccessibility, poker face, harsh language, and complicated procedure, have become chronic diseases of government and Party agencies, and also bottlenecks restraining Hangzhou's social and economic development. On the other hand, with "satisfaction selection," Hangzhou hopes to fundamentally eliminate the four chronic problems and truly establish the image of "pragmatic, innovative, efficient, and honest" government agencies so as to improve the city's competitiveness. The objective reality of problems concerning the government's work style and the subjective aspiration for change in the government encourage "Vote for Excellence" campaign to make the practical choice of using severe punishment to correct the chaos.

With three years' efforts, the work style of Hangzhou government and Party agencies has been improved remarkably. If the elimination system continues, which means a dissatisfying agency is always selected despite satisfaction rate for all agencies is maintained at a high level of scoring 80, 90, or even higher, it is improper in theory and practice. The continuation of the elimination system is not conducive to maintaining and consolidating the enthusiasm of various agencies, or the long-term practice of the campaign. In the meanwhile, it is recognized by Hangzhou that improper work style is a chronic disease which cannot be corrected overnight or simply with severe punishment. The campaign aims not for eliminating cadres, but encouraging the leadership of dissatisfying agencies to take solid and effective measures to improve with warning. As a result, "Vote for Excellence" is adjusted accordingly in 2003. The elimination system is replaced by a combined elimination and cutoff line system. In addition to the elimination system, a cutoff line is set up. Those agencies scoring below the cutoff line are given warning by public notice,

and the agency with the lowest score is selected as the dissatisfying agency. The cutoff line serves as the beacon tower and the goal of those agencies with lower rankings, which are expected to be more motivated. Such combination is conducive to the long-term practice of the campaign and also the long-term development of the improvement in the work style of government agencies. The adjustment of the "Vote for Excellence" campaign combines incentive and restraint mechanism and integrates pressure and impetus so as to promote the agencies directly affiliated with the government to constantly improve their overall performance.

b. Main achievements of "satisfaction selection"

"Vote for Excellence" campaign changes the onefold internal assessment method of objective-based responsibility assessment and puts into place a double-track government performance management method featuring the combination of objective-based assessment and "satisfaction selection." It guides the government agencies to hear more from the people, empowers the public with the rights to participate into social management, sets up a platform for friendly dialogue and communication between government and citizens and gradually forms a citizen-oriented selection and review mechanism. With the in-depth development of the "Vote for Excellence" campaign, objective-based responsibility system assessment is also improved gradually. Hangzhou government starts to adopt a double-track performance management system featuring the combination of internal assessment and external review. "Vote for Excellence" and objective-based responsibility system assessment together have made positive achievement in promoting government performance. It is highly commended by Hangzhou Party committee that five years since the adopting of the "Vote for Excellence" campaign see the fastest improvement in government work style, fastest enhance of government efficacy, fastest growth of the people's satisfaction rate, and the most rapid economic and social development.[5]

i. The work style of government agencies is improved to promote the construction of service-oriented responsible government

Being reviewed by "masters," the "public servants" feel unprecedented pressure. Led by the top leader, various agencies directly affiliated with city government take part in the selection campaign by going to the grassroots to collect opinions, taking the initiative to improve their work based upon the reality and striving to be selected as a satisfying agency by the people. In the process, various agencies aim to develop a pragmatic, pioneering, clean and efficient work style, use the selection campaign as an effective carrier to promote government's work style, and make special efforts to enhance awareness of service, strengthen internal management, streamline approval procedure, promote work efficiency, and provide high-quality and highly efficient service to the people. A good atmosphere thus soon takes shape where each and every person cares about and actively takes part in the campaign. The work style of

[5]Speech delivered by Wang Guoping, a member of the Standing Committee of Zhejiang provincial Party committee and secretary of Hangzhou city Party committee, at a meeting about overall examination of agencies directly affiliated with city government on December 20, 2005.

agencies directly affiliated with the city government is improved remarkably. In 2001, 95.15% of the 6295 respondents believe the work style of Hangzhou government is improved remarkably or slightly. In 2002, 2003, and 2004, 98.25, 96.36, and 95.55% of the respondents respectively believe the work style of Hangzhou government is improved remarkably or slightly. In the meantime, the public and all walks of life are increasingly satisfied with the agencies directly affiliated with city government with a satisfaction rate of 22.84% and 36.24%, respectively, in 2000 and 2001. After the adoption of a five-scale measurement table in 2002, the aggregate of satisfaction rate and relative satisfaction rate reaches 67.55, 67.85, and 67.85%, respectively, in 2002, 2003, and 2004.

"Vote for Excellence" campaign promotes the reform of the internal management system of government and Party agencies and significantly enhances the sense of responsibility of government officials at all levels. Within the various Party and government agencies, the position-based responsibility system is adopted generally, and the annual work assessment based upon the "Vote for Excellence" campaign and the position-based responsibility system is linked to the review, reward/punishment, promotion, and appointment of cadres. Responsibilities are thus broken down into each and every position and person.In the selection campaign, the city's Party committee and the city government eliminates the major leaders of agencies twice selected as dissatisfying agency according to the prior regulations. For those who are found guilty of misconduct or dereliction of duty, they dare to take true actions and punish them according to law. All these make "being responsible for the people" no longer an empty talk.

ii. The efficacy of agencies is improved constantly, and the development environment and the competitiveness of the city are enhanced remarkably

"Vote for Excellence" campaign and objective-based management responsibility system assessment together forms an assessment and review model featuring mutually influencing internal and external assessment, guiding government agencies to transform external pressure into internal impetus and actively change their method of administration and service providing. The government service and public governance thus are improved, the cost of companies is reduced and the soft environment for city development is enhanced remarkably. In 2003 and 2004, Hangzhou is ranked first by World Bank as "Chinese cities with best overall investment environment." In 2004, it is ranked the first by Forbes as "Best commercial cities on Chinese mainland," it is selected as one of the top ten economically vibrant Chinese cities by the organization committee of CCTV's program of Chinese cities, it is selected as the happiest city by the Oriental Outlook, and it is also ranked first by China Economic Weekly (affiliated with People's Daily), as top ten coordinated development cities. According to the report on the competitiveness of Chinese cities released by Chinese Academy of Social Sciences in 2005, Hangzhou is ranked at the fifth behind Shanghai, Shenzhen, Guangzhou, and Beijing out of 200 cities with government administration competitiveness, an important indicator of overall competitiveness, being ranked at the fourth. All these show "Vote for Excellence" campaign is not only an effective carrier to change the government's work style, but also has a remarkable

magnifying effect on improving investment and development environment, enhancing the city's overall competitiveness and accelerating, prioritizing, and coordinating development.

iii. The change in governance promotes the solution of a large number of issues related to the vital interests of the people

"Vote for Excellence" campaign sets up a mechanism for people from various circles and levels to fully express their wishes to the Party and government, and put forward criticism and advices on the government's work, and allows Party and government agencies at all levels to understand the opinions and demands of the people more comprehensively and carefully so as to carry forward their work by pooling the wisdom of the people and focusing on the issues of people's immediate concerns.

"Vote for Excellence" campaign also reflects the essential requirement of the socialist democratic politics that people are the masters of the country, and promotes the transformation of the Party's ruling style. That people are the masters of the country is realized in two ways. Firstly, it is election, which is democratic authorization. Secondly, it is governance, which is the exercise of state power in a democratic manner. "Vote for Excellence" campaign is a democratic governance activity using "selection" as an entry point or carrier. In addition to the improvement in the consciousness of the implementation of democratic centralism in all agencies, during the overhaul and correction process, the city government makes commitment to addressing major concerns for the people, various agencies formulate overhaul and correction plans, and the plans for public facilities are picked all after extensively hearing the opinions of the people. All the decisions are made directly by the people or with people's participation in a democratic manner. "Vote for Excellence" campaign also promotes democratic management and supervision. Allowing the people to evaluate the performance of the government's work, highlight the problems, put forward opinions for correction, and help the government improve their work is in itself a vivid practice of democratic management and supervision.

In terms of the dynamic process of the selection campaign, hundreds of thousands of pieces of information reflecting people's aspirations and demands are collected and transmitted to the government every year through questionnaire, public collection of opinions and advices, public calls, face-to-face interview and emails, and the government determines its policy objectives and content accordingly after investigation and verification. The policy objectives and content and their effectiveness are then reviewed by the public in a new round of selection campaign after implementation. When reviewing the existing policies, the public also expresses new appeals for interests to the government. The frequent, institutional, and equal interaction between the government and the public promotes the solution of issues closely linked to people's well-being. The formulation and development of the work mechanism to address the "seven major difficulties" are also a result of the positive interaction between the government and the public. The development of the "breaking seven hardships" working mechanism is due to this benign interaction between the government and the public.

3 From "Vote for Excellence" to Comprehensive Assessment

In the second stage of the government performance management operation in Hangzhou, the objective-based responsibility system assessment is in parallel operation with the "Vote for Excellence" campaign with separate rules and limited integration. As time passes, their flaws and internal shortcomings are exposed gradually. The objective-based responsibility system assessment suffers from lack of credibility due to its closed internal operation, while the "Vote for Excellence" campaign suffers from the lack of efficiency due to information asymmetry. As a result, the two has widely different evaluation results and the application of the results also lacks in coordination, which makes the performance management of Hangzhou government in urgent need of new breakthroughs. In 2003, the Party's Central Committee proposed the guiding thought of "scientific outlook on development," asking local governments to explore comprehensive assessment and evaluation system in line with scientific outlook on development. Xi Jinping, general secretary of Zhejiang provincial Party committee back them, also issued a series of important views on the establishment of an assessment and evaluation system in line with scientific outlook on development, pointing out new directions for Hangzhou to make innovations on government performance management, and urging Hangzhou to step up its exploration of setting up new performance evaluation system under the guidance of scientific outlook on development. At the end of 2005, after an in-depth research of half a year, Hangzhou city's Party committee and government decide to integrate the objective-based responsibility system assessment with the "Vote for Excellence" campaign, putting into place a three in one comprehensive assessment system featuring the three dimensions of objective assessment, public evaluation, and leaders' review. In 2006, striving for innovation and excellence is integrated, thus a comprehensive three plus one evaluation system official taking shape to realize the second leap forward from "Vote for Excellence" to comprehensive assessment. Hereafter, Hangzhou government's performance management enters the third stage, that is, the stage of comprehensive assessment.

3.1 Comprehensive Assessment: Comprehensive and Multidimensional Performance Evaluation

a. The establishment of the scientific outlook on development puts forward new requirements for government performance management

On July 28, 2003, Comrade Hu Jintao stated that we shall better adhere to the development outlook featuring common, coordinated, and sustainable development at the national conference on prevention and treatment of SARS (Severe Acute Respiratory Syndromes). In mid-October, the Third Plenary Session of the 16th Central Commit-

tee of the Party clearly stated that we shall "adhere to the people-oriented approach and establish a comprehensive, coordinated and sustainable outlook on development to promote the all-round development of economy, society and mankind." It has been stressed that we shall promote reform and development "under the requirement of coordinating urban and rural development, regional development, economic and social development, the harmonious development of mankind and nature, and domestic development and open-up." In the 17th Party Congress, Comrade Hu Jintao pointed out the thought and strategy to further promote China's economic reform and development and established scientific outlook on development as the guiding thought in the report of *Hold high the great banner of socialism with Chinese characteristics to fight for new victory in building a moderately prosperous society in all-round way*.

In the Fourth Plenary Session of the 11th Party Committee of Zhejiang Province, Xi Jinping, the general secretary of the provincial Party committee back then, systematically summed up the eight advantages of Zhejiang's development after drawing upon its development experience in many years, raising eight measures for future development, and establishing the "eight eight strategy," a lofty and long-term plan guiding Zhejiang's reform and development. The "eight eight strategy" was proposed when the innovative theory of scientific outlook on development gradually became the Party's guiding thought. That we shall seek what kind of development and how we shall realize development is a major question relating to the future and destiny of China's development, and the scientific outlook on development is the most updated theory achievement in answering and solving the question. The "eight eight strategy" stresses common, coordinated and sustainable development, and is the vivid practice and concrete representation of scientific outlook on development in Zhejiang.

The practice of the scientific outlook on development requires the government to change its development outlook and thought, transform economic growth model, deepen the reform in all areas of the society, and more importantly, transform the function of the government. The new indicator system to assess and evaluate the performance of the government's work includes not only GDP growth, but also the per capita disposable income of urban residents, the per capita net income of farmers, environmental protection and ecological development, employment expansion, social security network improvement, and other indicators, thus guiding officials at all levels to establish a correct outlook on work performance and use scientific outlook on development to direct the management and operation of the government.

In 2004, the Party committee of Zhejiang Province started to develop a leadership and an assessment system in line with the scientific outlook on development. Xi Jinping, the general secretary of the provincial Party committee back then, made it clear that "the outlook on performance is closely linked to the outlook on development. The outlook on performance determines the outlook on development. Vice versa." "When assessing the performance of officials, we shall first abide by the principle of recognition by the people and stressing actual work achievement, and use the principle as an important indicator to assess the performance of officials." "In the assessment, we shall consider economic, social, people's well-being, cultural and environment indicators, and effectively transform the previous assessment

of focusing only on speed into a comprehensive assessment taking growth speed employment, investment in education, environmental quality and other things into account."[6]

The "Vote for Excellence" campaign and other successful practices in Hangzhou are in good agreement with the requirement of the central and provincial government, and also raise the interests from the organization department of the central committee, which dispatches special official to Hangzhou to do research, invites Hangzhou's relevant agencies to the organization department to brief their basic practice and hopes Hangzhou to further develop a comprehensive assessment and evaluation system in line with the scientific outlook on development. When the Eighth Plenary Session of the 9th Party Committee of Hangzhou was convened on October 23, it was proposed that "an assessment and evaluation system for agencies directly affiliated with the city government shall be established in line with the scientific outlook on development by using the "Vote for Excellence" campaign as the major carrier.

b. The institutional defect of the "double-track" operation requires more in-depth and comprehensive improvement in the government's performance management

"Vote for Excellence" campaign has its own limitations. Firstly, after five years' development, the content of people's assessment has shifted from the work style of government agencies to their work performance. The efficacy and performance of government agencies and the solution of problems related to people's well-being all become issues that need to be accommodated by the "Vote for Excellence" campaign. Secondly, the design of the "Vote for Excellence" campaign is also flawed. The categorization of the agencies is not rational, the selection coefficient needs improvement, and the information is mismatched. These changes and flaws require us to further improve the "Vote for Excellence" campaign so as to make people's assessment of government's work more objective, complete, and accurate to maintain the campaign's vitality.

The parallel double-track operation makes it difficult to eliminate the constraints between the two. Although the "satisfaction selection" campaign and the objective-based responsibility system assessment use each other's evaluation results to some extent, it lacks in an integration mechanism. The "satisfaction selection" campaign and the objective-based responsibility system assessment still operate independently, the external evaluation by the public and the internal assessment of the agencies are not well combined, and the synergy is not fully played. At the reward conference for "enhancing the efficacy of agencies and striving to become satisfying agencies" on February 24, 2004, Hangzhou city Party committee and city government decide to officially start the efficacy construction campaign in agencies above township level and all other entities that have administration function, and integrate it with the "Vote for Excellence" campaign. The efficacy construction campaign is run by the "office for the leading team of efficacy construction in agencies in Hangzhou" and then "office for efficacy construction in agencies in Hangzhou" (affiliated with the city's discipline agency/the supervision bureau) in 2005 after the campaign is

[6]Xi (2007).

normalized. In terms of the organization structure for the management of government performance, "office for objectives," "office for satisfaction," and "office for efficacy" are established. The "office for objectives" is responsible for the objective-based responsibility system assessment, the "office for satisfaction" is responsible for the "Vote for Excellence" campaign, and the "office for efficacy" is responsible for the inspection, assessment and evaluation of the efficacy of government agencies. Such organization structure restricts government performance management to play its due role. The three offices have overlapping functions and adopt different assessment, reward, and punishment standards, thus increasing the cost of assessment and affecting the implementation of the assessment. At that time, there are more than 40 assessment items every year at the city level in Hangzhou, suffering from repeated and overlapping assessment and costing the agencies a large amount of manpower, financial, and material resources.

In order to develop a new assessment system in line with the scientific outlook on development and address the problems brought about by the double-track operation of the "Vote for Excellence" campaign and the objective-based responsibility system assessment, Hangzhou city Party committee set up a research team led by Zhu Baochun, the vice-secretary, and participated by heads of relevant agencies and experts with Zhejiang University. After in-depth research and thorough investigation, Hangzhou city Party committee determines the basic principle and thought to conduct comprehensive assessment and evaluation, and Hangzhou's comprehensive assessment thus takes shape. "The comprehensive assessment and evaluation of agencies directly affiliated with the city government can integrate various resources, reduce repetition and improve work efficacy so as to make the assessment and evaluation more comprehensive, authoritative and effective…Such practice represents the requirement of integrating administrative resources and the shift to constructing conserving government, and answers the appeals by grassroots officials and the people. It's worth our high attention and active exploration."[7]

3.2 The Main Practices and Features of Comprehensive Assessment in Hangzhou

The comprehensive assessment in Hangzhou experiences constant deepening and improvement. The assessment system and methods are constantly optimized in practice, and the exploration and transformation toward functional performance management are accelerated by using the concept and methods of performance to promote comprehensive assessment, thus giving the comprehensive assessment a distinctive feature of orienting toward citizens and valuing performance. The main practices are as follows:

[7]Speech delivered by Zhu Baochun, vice-secretary of Hangzhou city Party committee, at a conference on comprehensive assessment in agencies directly affiliated with city government on December 20, 2005.

a. Establish an all-round and multidimensional assessment and evaluation system

In 2005, after thorough investigation and analysis, Hangzhou city Party committee and government decide to further integrate objective-based responsibility system assessment with "Vote for Excellence" (renamed as "social evaluation") and add leadership review so as to conduct comprehensive assessment of agencies directly affiliated with city government and form a "three in one" comprehensive assessment system. In the comprehensive assessment in 2006, striving for innovation and excellence is added as a new dimension to officially form a "three in one" comprehensive assessment system in Hangzhou and realize "all-round, multidimensional and comprehensive" performance assessment and evaluation. Among them, social evaluation with a score of 50 accounts for the largest share, followed by objective assessment with a score of 45 and leadership review with a score of 5. Striving for innovation and excellence is a bonus item and applied by agencies voluntarily. The evolution of comprehensive evaluation in Hangzhou is shown in Fig. 1.

In the comprehensive assessment system, social evaluation carries forward the practices of "satisfaction selection," focusing on the qualitative analysis and sensory evaluation by the people, who have a dominant role to play in the evaluation. Objective assessment carries forward the practices of objective-based responsibility system assessment of agencies, but makes innovations and breakthroughs in the setup of the indicators and the assessment system by focusing on the quantitative analysis and accuracy, aiming to make up for information mismatch in social evaluation and diversify the dimensions of assessment. Leadership review is the review given by the city's Party committee, the city's People's Congress, the city government, and the city's people's consultative conference as well as the chief justice and the chief procurator, focusing on the comprehensive analysis and overall evaluation by the

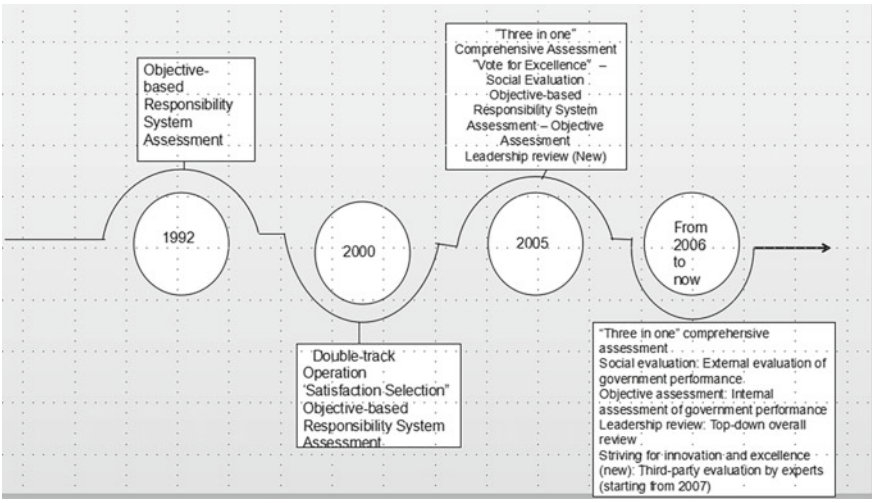

Objective-based Responsibility System Assessment
1992
2000
Double-track Operation "Satisfaction Selection" Objective-based Responsibility System Assessment
"Three in one" Comprehensive Assessment "Vote for Excellence" – Social Evaluation Objective-based Responsibility System Assessment – Objective Assessment Leadership review (New)
2005
From 2006 to now
"Three in one" comprehensive assessment
Social evaluation: External evaluation of government performance
Objective assessment: Internal assessment of government performance
Leadership review: Top-down overall review
Striving for innovation and excellence (new): Third-party evaluation by experts (starting from 2007)

Fig. 1 Evolution of comprehensive assessment in Hangzhou

leaders so as to give independent evaluation rights to leaders who know more about the overall situation and further improve the accuracy of the assessment. Striving for innovation and excellence aims to improve awareness and capacity of innovation and encourage pioneering innovation by inviting the experts and scholars in relevant areas to conduct third-party performance evaluation so as to optimize government services and solve underlying problems and issues restraining development.

b. Establish a special and permanent office for comprehensive assessment

In 2005, in order to strengthen the leadership of comprehensive assessment work, the city Party committee and government found a committee for the comprehensive assessment in Hangzhou (hereafter referred to as "the committee") as the coordination agency to lead the city's comprehensive assessment work. A vice-secretary of the city Party committee heads the committee, relevant officials with the city Party committee and government act as deputy directors, and heads of relevant government agencies act as members of the committee. Under the leadership of the committee, the city's satisfaction office and objective office jointly formulate the city's comprehensive assessment plan and start the first comprehensive assessment. In August 2006, on the basis of integrating the functions of objective management, "Vote for Excellence" and agency efficacy construction, the city Party committee decides to combine the objective office, the satisfaction office, and the efficacy office into one office, that is, the bureau-level office for the committee of the comprehensive assessment work of Hangzhou (hereafter referred to as "the office"), as the permanent agency for the committee. The office performs the functions of objective assessment, social evaluation, and efficacy construction. The founding of the office is of great significance as the first domestic high-level permanent agency for government performance management. It is not only an important measure to implement the scientific outlook on development, the right outlook on performance and promote performance management in Hangzhou, but also a major innovation in mechanism and institutions by Hangzhou. The office marks the comprehensive assessment and performance management of Hangzhou become organized, institutionalized and more professional.

The office is an independent bureau-level permanent agency with great independence and authority, reporting directly to the city Party committee, the city government, and the committee. The office actively improves the organization system after its establishment. Hangzhou performance evaluation center is set up to specialize in evaluating the performance of government agencies. Hangzhou comprehensive assessment information center is set up as an information disclosure platform for government performance management. A database of experts is set up to draw high-level talents in performance evaluation, and teams of researchers are also set up pooling volunteers and passionate citizens from all walks of life. Thus, an inclusive professional network for comprehensive assessment and performance management takes shape.

c. Achieve full coverage by comprehensive assessment

In 2005, the comprehensive assessment covers various departments, committees, offices, bureaus and relevant agencies directly affiliated with the city government. The

participatory agencies are divided into two categories. Category 1: agencies subject to social evaluation, objective assessment, and leadership review, including government agencies providing more social services, government agencies providing fewer social services, and other agencies and Party–people relationship department. Category 2: agencies subject to objective assessment and leadership review, and collecting only opinions in social evaluation. The comprehensive assessment in 2005 covers all agencies directly affiliated with the city government, including 66 agencies subject to social evaluation, objective assessment, and leadership review and 38 agencies subject to objective assessment and leadership review.

In deepening the development of comprehensive assessment, Hangzhou also expands its coverage gradually.

Firstly, companies and quasi-government entities providing public services and performing social administration function are covered by comprehensive assessment. With the reform of the public administration system, some social services, which used to be provided by government agencies, start to be provided by relevant companies and quasi-government entities. This is conducive for government to return its due position and focus its energy on providing public services and social administration. However, it is imperative to strengthen the supervision over the companies and quasi-government agencies directly affiliated city government who perform the function of providing social services. For example, Hangzhou provident fund center is responsible for managing the provident, and its work has a direct bearing on thousands of families. Hangzhou railway group, a company, is responsible for the construction of subway and other infrastructure facilities in Hangzhou, and its work has a direct bearing on the travel safety of millions of Hangzhou residents. Starting from 2008, Hangzhou provident fund center, Hangzhou canal comprehensive protection committee (hereafter referred to as the comprehensive protection committee), Hangzhou railway group, and other companies and quasi-government agencies performing social administration and providing social services are covered by the comprehensive assessment for agencies directly affiliated with the city government.

Secondly, the comprehensive assessment steps up its penetration into districts and counties (cities). The comprehensive assessment for agencies directly affiliated with city government has achieved positive results, creating conditions for it to reach districts and counties (cities). When Cai Qi, the vice-secretary of the city Party committee and mayor of Hangzhou, visited the office in June 2007, he pointed out that "while the assessment of agencies directly affiliated with city government aims at providing better services, the assessment of districts and counties (cities) will make the assessment more comprehensive and more representative of the scientific outlook on development. Hangzhou's development is supported by the development of 13 districts and counties (cities), and the comprehensive assessment is not complete without including them. The city government shall combine the assessment of agencies with that of district and counties (cites)." Obviously, the city Party committee and the city government have realized that the comprehensive assessment of the districts and counties (cities) is conducive to the all-round and coordinated development of different regions, urban and rural areas, and also the implementation of the strategies and decisions of the city Party committee and government. In December

2007, the Third Plenary Session of the 10th Hangzhou City Party Committee further defines the direction for the development of comprehensive assessment and proposes to "further improve the comprehensive assessment system and conduct comprehensive assessment in districts and counties (cities)." This is an important decision by the city Party committee to expand the coverage of comprehensive assessment and set up a comprehensive assessment system "combining the assessment of agencies and districts and covering the entire city." In order to implement the decisions by city Party committee, under the leadership of the assessment and evaluation committee, the office sets up a special task force in 2008 to conduct extensive research into conducting comprehensive assessment in districts and counties (cities). The task force visits 13 districts and counties (cities), convenes relevant departments for seminars, and hears the opinions and advices of relevant experts and scholars, forming a pilot plan for conducting comprehensive assessment in districts and counties (cities), which is fully affirmed by the major leaders of the city Party committee and government. The city Party committee twice convenes the main leaders of the Party committee and government of the 13 districts and counties (cities) and hears their comments on the pilot plan. The office meticulously summarizes and studies the advices and suggestions from various places and agencies, revises the pilot plan repeatedly, and carefully simulates and calculates the development indicators. The 51st meeting of the standing committee of the city Party committee approves in principle the pilot plan to conduct comprehensive assessment in districts and counties (cities) on October 30. After hearing again the opinions of the main leaders of Party and government in the districts and counties (cities) on December 12, the city Party committee and government officially issue the pilot plan to conduct comprehensive assessment in districts and counties (cities). The pilot plan adopts the basic framework and content for the comprehensive assessment of agencies directly affiliated with city government, and also draws upon the effective practices of the evaluation of streets and townships by various districts and counties (cities). It absorbs the latest achievements at home and abroad and also takes into account the concrete reality of the development of Hangzhou by pooling the wisdom and efforts of people and officials from various agencies, districts, and counties (cities). The pilot plan soon receives widespread recognition with good results at the trial period. Starting from 2009, the comprehensive assessment for districts and counties (cities) officially comes on stream, and the indicator system and assessment method are also improved constantly in practice.

d. Actively expand and diversify the composition of evaluators

The comprehensive assessment in Hangzhou insists on a diversified composition of evaluators and stresses the construction of channels to facilitate institutional participation by citizens so that a network of citizens' participation dominated by the government and covering the entire city takes shape, which effectively guarantees the orderly political participation by citizens.

The institutional design of evaluators gives special emphasis on public participation. In 2007, migrant workers are included in the social evaluation system as representatives of citizens for the first time, and 1000 migrants are randomly sampled from migrant worker intensive industries to take part in social evaluation. In

2010, the office sets up teams of performance researchers, collecting relevant information about government performance management. In social evaluation, the number of representatives of rural residents is increased properly as representatives in the level of citizens so as to adapt to coordinated development between urban and rural areas, and promote the integration of urban and rural social management and the equalization of public services in urban and rural areas. In 2011, representatives of "heads of community Party organization and residents committee" are adjusted and consolidated. The level of representatives of "heads of community Party organization and residents committee" is renamed as the "level of representatives of social organizations," including the three sub-levels of heads of resident committees, heads of industry associations, and heads of private non-corporate entities. The adjustment of the levels of evaluators improves the structure of the levels of representatives for social evaluation, further diversifies the subjects of government performance management, and creates conditions for expanding the channels for orderly political participation by social organization.

e. Adopt the concept and methods related to performance gradually

In the practice of comprehensive assessment in Hangzhou, the concept and methods of performance are explored, adopted, and strengthened, promoting the constant transition of the government performance management in Hangzhou from the traditional objective-based responsibility system assessment to functional government performance management.

i. The coverage of performance evaluation expands step by step. At the beginning of 2007, the office formulates and issues *Objective-based performance evaluation methods for projects striving for innovation and excellence in agencies directly affiliated with Hangzhou city government (Trial)* and invites experts to conduct third-party performance evaluation for the 40 projects striving for innovation and excellence submitted by agencies affiliated with city government in 2006. It is the first successful attempt for Hangzhou to apply the concept and methods of performance in comprehensive assessment. In 2008, the performance evaluation for the government's projects to deliver real benefits to the citizens started. The evaluation covers the completion of the projects, the satisfaction of the people, and the performance and adopts the methods of review by organizations, satisfaction assessment, and evaluation by experts. In 2009, Hangzhou started to give comprehensive assessment to public policies by using relevant information about policies to evaluate the value, reality, implementation results and social impact of policy implementation, and formulating performance assessment report. In 2010, *Objective assessment methods for the performance assessment of agencies directly affiliated with Hangzhou city government (Trial)* is formulated and issued to assess the performance of agencies directly affiliated with city government. The assessment items are required to reflect the performance of major functions by the agencies. The continuous expansion of the coverage of performance evaluation promotes the transition of the comprehensive assessment in Hangzhou from the task-oriented objective-based responsibility system assessment to functional government performance management.

ii. Establish and improve the performance enhancement mechanism. The office makes full use of the advantages of evaluation resources to explore the application of performance analysis, management, diagnosis and investigation, help various places and agencies to spot their problems in a timely manner and find out the gaps, and coordinate with relevant departments to study and solve problems, and improve performance so as to jointly solve the prominent problems and underlying conflicts that have been reported by the public for many years and also difficult to settle. The office strengthens the performance enhancement mechanism for annual objectives, intensifies process management, establishes a dynamic disclosure system for the performance objective management, and adopts "performance cards" to fully reflect the completion of objectives and the enhancement of performance. The "database for performance information" is founded and agencies are notified with relevant problems by performance enhancement notice. The annual work objectives are sampled and evaluated, and special assessment report is formulated. A team of performance researchers is set up to regularly issue *Social situation, public opinion, and performance information*.

f. Pay more attention to the rectification by social evaluation opinions and the application of the results

The comprehensive assessment in Hangzhou further strengthens rectification by social evaluation opinions and the capacity of Party and government agencies at all levels to answer public appeals. The application of the results of rectification is also enhanced. Many social evaluation opinions have become references and basis for Party and government agencies at all levels to determine the future policies after being combed, analyzed, and summarized. The mechanism to deal with the "seven difficulties" is enriched constantly and develops into one addressing "seven plus two difficulties" and then "seven plus X difficulties."

i. Establish a system to release the report of social evaluation opinions. Starting from 2008, the comprehensive assessment in Hangzhou publishes a report on social evaluation opinions for agencies directly affiliated with city government annually, analyzing and summarizing the major content and basic features of the social evaluation opinions of the year and proposing countermeasures and suggestions so as to promote the rectification following the opinions of social evaluation.
ii. Establish a publicity system for the major objectives of overhaul following the opinions of social evaluation. After analysis and summary of the various suggestions and opinions collected in social evaluation, they are broken down into various responsible agencies, which are required to comprehensively summarize their own opinions, and list the hot and difficult issues reflected in the social evaluation opinions as major objectives for overhaul. The objectives and results of overhaul are both published, and they accept public supervision and re-evaluation.

iii. Establish and improve the feedback mechanism of "evaluation-overhaul-feedback." In every year's comprehensive assessment, thousands of representatives from nine social circles are invited to take part as a way to exercising the people's rights to speak. An evaluation mechanism takes shape by asking the public to conduct comprehensive assessment. The collected social evaluation opinions are broken down to and implemented by relevant agencies, and the key points for rectification are determined to form a rectification mechanism. The major objectives for rectification following social evaluation opinions are published, and relevant agencies are asked to make public commitment for their rectification, examine and monitor the rectification process and results, and put into place a feedback mechanism. Such three processes are prerequisites for each other and form a cycle, thus the work mechanism for the constant improvement in government performance taking shape.

g. Establish a normalized mechanism to promote striving for innovation and excellence.

The comprehensive assessment in Hangzhou invites performance evaluation experts to evaluate the performance of the objectives for striving for innovation and excellence so as to gradually establish a government innovation mechanism to answer public appeals, innovate social management, and promote the constant enhancement of government performance. This mechanism has become an important platform for Hangzhou city Party committee and government to encourage innovation.

The objective-based performance evaluation system for striving for innovation and excellence consists of three steps. The first step is setting up a project. Agencies submit their application voluntarily and the performance evaluation experts give preliminary examination to the project's legitimacy, necessity, feasibility, breakthroughs, and anticipation. The second step is performance evaluation. The performance evaluation experts evaluate the implementation of the innovation projects. The third step is follow-up measures. The evaluated innovation projects are followed and monitored regularly to know their operation, improvement, and major achievements to make sure they are innovative and pragmatic. In giving performance evaluation to innovative objectives, Hangzhou adds the objectives of striving for excellence and overcoming difficulties, encouraging agencies directly affiliated with city government to address new situations and new issues so as to solve long-term prominent problems and underlying conflicts innovatively.

h. Actively explore the application of Internet and information technology in comprehensive assessment

In 2009, the office started the construction of "digital assessment" system in Hangzhou with the aim of using Internet and information technology to enhance the daily management of comprehensive assessment and realize the informatization and modernization of performance management. The "digital assessment" system

combines assessment, office resources, and "Hangzhou assessment web,"[8] promoting connectivity, coordination, and application.

Hangzhou comprehensive assessment is not only a driving force in transforming government work style, improving development environment, expanding people's orderly participation in politics, finding the solutions to problems related to people's well-being, and promoting the rapid and sound social and economic development in Hangzhou, but also plays an important role in facilitating the transition of the government administration and public governance from a traditional one into a modern one. Developing from the "Vote for Excellence" in 2000 to the comprehensive assessment of agencies directly affiliated with city government in 2005 to the extension of comprehensive assessment to districts and counties in 2008, Hangzhou establishes a relatively complete comprehensive assessment system covering the entire city and combining the assessment of agencies with that of places. The system has been always adhering to the citizen-oriented approach, diversifying the subjects of evaluation, expanding the coverage of the evaluation, adopting pragmatic and effective methods, and using the results as strong incentives. It is also an important carrier for Hangzhou to transform government work style, change government functions, and build service-oriented responsible government. The comprehensive assessment in Hangzhou constructs an effective platform for citizens to express their interests and appeals, forms a network for the public to effectively participate in public affairs, expands channels for the appeals of public interests, and effectively guarantees the citizens' democratic participating in power. A normalized government management innovation mechanism is set up to energize the passion for innovation in various agencies and promote the overall enhancement of government performance management.

4 From Comprehensive Assessment to Performance Management

Rooted in Hangzhou, the comprehensive assessment system of Hangzhou explores a path to government performance management different from those in other regions. With "satisfy the people with top-level performance" as its purpose, the comprehensive assessment in Hangzhou makes constant innovations and improvement in practice, promoting government at all levels and various agencies to optimize operation procedures, enhance public administration, improve administration efficacy, and innovate management method. The comprehensive assessment includes the majority of the functions of government performance management, but still not government performance management in strict sense. It is a management method between performance evaluation and performance management.

Soon after the office is founded in 2006, it is proposed that the concept and methods of performance shall be adopted in comprehensive assessment, and the traditional

[8] Hangzhou assessment web: www.hzkpb.gov.cn.

task-oriented objective-based responsibility system assessment shall gradually be transformed into a functional performance management. In 2007, performance evaluation is used for the first time for innovation objectives and then in more and more areas. However, generally speaking, there is still a gap between Hangzhou's comprehensive assessment and government performance management. In June 2011, Hangzhou is designated as a pilot city for government performance management, which is a full affirmation by the nation for Hangzhou's exploration and practice in comprehensive assessment and performance management in many years, and also a rare opportunity for Hangzhou to deepen its comprehensive assessment and promote government performance management in all-round way. Taking this opportunity, Hangzhou actively implements and deploys the pilot programs for government performance management, and promotes the comprehensive transformation and upgrade of the comprehensive assessment so as to realize the third leap forward from comprehensive assessment to performance management. As a result, Hangzhou government's performance management enters the fourth stage, which is to fully advance government performance management.

4.1 Performance Management: An Effective Path to Modernizing Government Governance Capacities

Government performance management is an integral part of public administration reform. Some local governments start their exploration and practices at the beginning of 1990s. The central government starts to pay attention to government performance management after 2000. In March 2005, in the government work report, Wen Jiabao for the first time proposed that "we shall step up the research into the establishment of scientific government performance evaluation system and economic and social development comprehensive assessment system." In February 2008, Hu Jintao calls for "stepping up the development of public service departments so as to promote government performance evaluation and administrative accountability system with public services as the main content" at a collective study meeting of the political bureau of the central Party committee. The Second Plenary Session of the 17th Central Party Committee approves the *Opinions on deepening administrative system reform*, making it clear to "adopt government performance management and public accountability system and establish a scientific and rational government performance evaluation indicator system and mechanism." In 2008, the *Work rules of the State Council* is issued and implemented to ask the State Council and various agencies to adopt performance management system. In 2011, the outline for the 12th five-year plan is released, emphasizing that the government performance management system shall be promoted and comprehensive evaluation and assessment adopted. With the attention and guidance of the central government, some local governments and agencies start actively piloting performance management and make some achieve-

ments. Thus, the theory study and practical operation of government performance management gradually mature.

On June 10, 2011, the inter-ministerial joint meeting office (national supervision ministry) for government performance management issues the *Opinions on starting pilot work of government performance management* and picks two levels for the pilot work, which are some agencies with the State Council and some local governments. For agencies with the State Council, pilot programs start in land and resources ministry, agricultural ministry, quality supervision general administration, development and reform commission, environmental protection ministry, and finance ministry. For local governments, pilot programs start in Beijing, Jilin Province, Fujian Province, Guangxi Zhuang Autonomous Region, Sichuan Province, Xinjiang Uygur Autonomous Region, Hangzhou, and Shenzhen. On June 28, the inter-ministerial joint meeting office for government performance management held a mobilization meeting in Beijing for starting pilot programs, thus officially lifting the curtain for the pilot work of government performance management. It is of far-reaching significance to start pilot work for government performance management. The selected eight regions and six agencies for pilot work have a good foundation, a high level of standardization, and a strong representativeness, covering local governments and State Council agencies, major special projects, and financial budget. The selected entities stand upon reality and make active explorations by focusing upon the work of local governments and their agencies, the State Council agencies, the special project of energy conservation and emission reduction, and financial budget. Performance evaluation indicator systems of various features are set up to guide the people and social organizations to take part in government performance evaluation in an orderly fashion and enhance the evaluation of the results and the supervision of the process of the work of governments and their agencies. Rewards and punishment are handed down based on the evaluation results to play guidance, incentive, and restraining roles so as to effectively promote the transformation of government functions and the innovation of management. They set a good example to advance the performance management work in an all-round way.

In 2012, the 18th Party Congress proposes the requirement of "deepening the reform of the administrative system," stressing "making innovations on public administration method, improving the credibility and implementation capacity of government and promoting government performance management." Public administration method is the system and mechanism for government to perform its functions and responsibilities, and determines the full implementation of government functions and the constant improvement in government work efficiency. The 18th Party Congress points out the direction for administrative system reform, which is making the administrative operation mechanism and government management method more standardized, orderly, open, transparent, efficient, and convenient for the people through promoting government performance management.

In September 2013, the State Council commissions the All-China Federation of Industry and Commerce for the first time to conduct a third-party assessment of the implementation of the "new 36 rules" to encourage private investment. In the major inspection in June 2014, the State Council once again invites the All-China

Federation of Industry and Commerce and other research and consultancy institutions to conduct evaluation of the implementation of streamlining administration, delegating power, shantytown renovation, precise and targeted poverty relief, major water conservancy projects, and other key policies and measures so as to make comparison with the results of self-inspection and the State Council's inspection. This is the main innovation and highlight in the major inspection by the State Council. At the executive meeting of the State Council on August 27, Premier Li Keqiang hears the third-party evaluation report on the implementation of policies and stresses "using third-party evaluation to promote the reform and innovation of government management method." In the second major inspection in 2015, the State Council once again commissions seven third-party institutions to evaluate the implementation of key policies and measures, such as streamlining administration, delegating power, the combination of regulation and de-regulation, improving services, promoting mass innovation and mass entrepreneurship, increasing the supply of public products and public services, supporting real economy with financial sector, supporting the development of small and micro-sized companies, carrying forward the Yangtze River economic belt development strategy, implementing targeted poverty relief and precise poverty reduction. At the executive meeting of the State Council on August 26, Premier Li Keqiang hears the report of three institutions on the implementation of "promoting mass innovation and mass entrepreneurship," "increasing the supply of public products and public services" and "carrying forward targeted poverty relief and precise poverty reduction." Premier Li Keqiang points out that "third-party evaluation is an important measure for the government to innovate management method, and improving external supervision will better promote the State Council to implement various policies and measures." On March 10, 2016, general secretary Xi Jinping also stressed the role of "third-party evaluation" when attending the review by Qinghai delegates at the fourth session of the 12th National People's Congress. "Establish a third-party evaluation mechanism for targeted and precise power relief efforts and poverty reduction results." Third-party evaluation represents the further exploration and application of government performance management methods by central national agencies.

As said in the Third Plenary Session of the 18th Central Party Committee, "the overall goal of comprehensively deepening the reform is to improve and develop socialism with Chinese characteristics and promote the modernization of national governance system and governance capacity." National governance system and governance capacity are social and historical, and the national governance system and governance capacity of modern society have the connotation and requirements of the times. In contemporary China, it is imperative to promote the modernization of national governance system and governance capacity to improve and advance socialism with Chinese characteristics. This overall goal shows that the nation's reform and open-up have reached more areas and been upgraded to new levels. The construction of national governance system and governance capacity is a fundamental symbol that the reform enters a new stage and reaches a new level. The transition from managing the nation to governing the nation represents the determination of the central Party committee to deepen reform and also releases the space for administrative system

reform. With the modernization of the national governance system and the governance capacity, a series of very important and characteristic changes will happen to the operation method of the government, and this will bring new challenges to government performance management.

4.2 New Stage of Government Performance Management in Hangzhou

After being designated as a pilot city, Hangzhou quickly started related work. On October 27, 2011, the city government held a mobilization meeting for the pilot work of government performance management, making it clear that "we shall stress the connection of government performance management with comprehensive assessment rather than 'start all over again.'"[9] This becomes a basic principle for Hangzhou to carry forward the pilot work of government performance management. Abiding by the principle, Hangzhou summarizes its comprehensive assessment work that has been practiced in many years, formulates a pilot plan, and makes all-round deployment. In 2012, the office's "citizen-oriented comprehensive assessment in Hangzhou" wins a nomination award in the sixth "Innovation award for local government." In 2013, building on the pilot work, the city Party committee and city government of Hangzhou proposed 23 opinions on the optimization of comprehensive assessment and the enhancement of performance management, officially announcing the upgrade and transition from comprehensive assessment to performance management. The government performance management in Hangzhou thus enters a new stage.

a. Redesign the indicator system according to the requirements of performance management

In 2012, drawing upon the many years' experience of practicing comprehensive assessment and, in particular, performance management, the office restructures the indicator system of performance objective assessment of agencies directly affiliated with city government (see Table 1) and changes the original functional objectives and common objectives into performance indicators and work objectives. Among them, performance indicators include key indicators, functional indicators, and general indicators, and work objectives include key work objectives, special coordination objectives, appeal response objectives, and self-construction objectives. In the setup of performance indicators, functional indicators are added to reflect the performance of statutory duties by agencies directly affiliated with city government, and administrative efficacy indicators are formulated to comprehensively reflect the review and approval efficiency, review and approval quality, disclosure and transparency, online services, public satisfaction, and efficacy construction of city-level

[9]Speech delivered by Yang Xubiao, member of the Standing Committee of Hangzhou city Party committee and executive vice-mayor, at a mobilization meeting for the pilot work of government performance management on October 27, 2011.

Table 1 Comparison of the adjustment of the performance evaluation indicator system in Hangzhou

Assessment dimensions	Before 2013			After 2013 (inclusive)		
	Level I indicators	Level II indicators	Content of assessment and evaluation indicators	Level I indicators	Level II indicators	Content of assessment and evaluation indicators
Target assessment	Function work objectives	First-level objective	Key indicators	KPI	Key indicators	Quantitative indicators for national economic and social development involving the department and determined by the city Party committee and city government
			Annual work highlights determined by the city Party committee and city government		Competency indicators	Performance indicators for the performance of statutory duties of agencies directly affiliated with city government
			Breakdown work from the major decisions and medium- and long-term development strategy determined by the city Party committee and city government		General indicators	Some of the comprehensive performance indicators applicable to agencies directly affiliated with city government, including administration by law, e-government, administration efficiency, quality of briefs, and among others

(continued)

Table 1 (continued)

Assessment dimensions	Before 2013			After 2013 (inclusive)		
	Level I indicators	Level II indicators	Content of assessment and evaluation indicators	Level I indicators	Level II indicators	Content of assessment and evaluation indicators
		Second-level objectives	Regular indicators	Work objectives	Key objectives	Key assessment objectives of Hangzhou by provincial Party committee and provincial government
			Annual work highlights that reflect the performance of major functions and have a bearing on the entire city (including special work)			Breakdown work from the major decisions and medium- and long-term development strategy determined by the city Party committee and city government
			Coordination and support work, consisting of several special objectives			Other annual work highlights determined by the city Party committee and city government
		Third level objectives	Other comprehensive work based upon the importance and necessity			The project of the city government addressing issues of people's immediate concerns

(continued)

Table 1 (continued)

Assessment dimensions	Before 2013			After 2013 (inclusive)		
	Level I indicators	Level II indicators	Content of assessment and evaluation indicators	Level I indicators	Level II indicators	Content of assessment and evaluation indicators
			Common indicators			Major special work of the city Party committee and city government
			Rectification objectives after social evaluation opinions		Cooperative objectives	Phased work objectives suitable for quantitative assessment, with clear annual objectives and that have a bearing on the entire city, involve the cooperation by multiple agencies, and are led by relevant agencies (consisting of several special projects)
	Common objectives		Investigation and unannounced visits for "96,666" complaints		Appealing response objectives	Response to petition letters and visits and "12,345" complaints, rectification after social evaluation opinions (including the objectives for rectification after opinions supervised by the office), efficacy complaints response, public service window evaluation, and response to proposals and suggestions

(continued)

Table 1 (continued)

Assessment dimensions	Before 2013			After 2013 (inclusive)		
	Level I indicators	Level II indicators	Content of assessment and evaluation indicators	Level I indicators	Level II indicators	Content of assessment and evaluation indicators
			Annual assessment of the leadership		Self-construction objectives	Construction of the leadership, construction of clean government and Party conduct, objective performance management (including the supervision), financial performance evaluation, and organization development evaluation
			Investigation and punishment of discipline, regulation, and law violation cases			
			Supervise the completion of work, the organization of objectives, and the management of assessment and evaluation			
Assessment of leaders	Overall work performance		Mainly assess and evaluate the completion of work objectives and tasks assigned by the city Party committee and the city government	Overall work performance		Comprehensively assess and evaluate the completion of work objectives and tasks assigned by the city Party committee and the city government

(continued)

Table 1 (continued)

Assessment dimensions	Before 2013			After 2013 (inclusive)		
	Level I indicators	Level II indicators	Content of assessment and evaluation indicators	Level I indicators	Level II indicators	Content of assessment and evaluation indicators
Social assessment	Service attitude and work efficiency			Comprehensive social evaluation		Service attitude and work efficiency
						Fairness, justice, integrity, and self-discipline
	Fair work, honesty, and self-discipline					
						Work effectiveness and social impact
	Work effectiveness and social impact					
				Special social evaluation		Adopts the method of item-by-item evaluation
Innovation and excellence	Objectives for striving for innovation			Objectives for striving for innovation		Original innovation Inherited innovation
	Objectives for striving for excellence (includes service quality improvement projects)			Objectives for striving for excellence		Comprehensive recognition and reward for achievements Projects improving service quality

(continued)

Table 1 (continued)

Assessment dimensions	Before 2013			After 2013 (inclusive)		
	Level I indicators	Level II indicators	Content of assessment and evaluation indicators	Level I indicators	Level II indicators	Content of assessment and evaluation indicators
	Objectives for overcoming difficulties			Objectives for overcoming difficulties		Solution of economic and social hot and difficult issues Solutions of problems with the improvement in agencies' performance

Notes

1. The changes in the "objective assessment" are as follows
(1) The Level I indicators are reformed from functional work objectives and common work objectives into performance indicators and work objectives
(2) Performance indicators are divided into three categories with clear assessment content
(3) The categorization of work objectives is more scientific and rational, highlighting the assessment of key work
(4) The assessment of Hangzhou by provincial Party committee and provincial government is added
2. There is no change in "leadership review"
3. Special social evaluation is added to 'social evaluation"
4. The categorization of projects 'striving for innovation and excellence" is more clear and more instructive

agencies. In the setup of work objectives, part of the original assessment objectives is streamlined and adjusted, and financial performance evaluation and institutional development assessment are added according to the requirement of the pilot work of performance management. Unidimensional assessment turns multidimensional, which means the performance assessment of work objectives is conducted at both the degree of implementation and performance assessment and evaluation. The improved indicator system for performance assessment is more able to reflect the implementation, coordination, responses and credibility of agencies directly affiliated with city government, more performance oriented, and more prominent assessment focuses.

In the meantime, the indicator system for the comprehensive assessment in districts and counties (cities) is also adjusted properly. The objective assessment is more quantitative, the share of development indicators increases from 20 to 30%, the share of indicators reflecting innovative development is increased properly, and personalized indicators are added so as to reflect of features and highlights of the work of different localities.

The performance evaluation for major economic policies and reform measures is explored. The key is the performance management for major economic policies, reform measures, major plans, and major project investment within government budget. *Implementation plan for performance evaluation of the implementation of major plans in Hangzhou* and *Implementation plan for performance evaluation of major investment projects within Hangzhou city government budget* are formulated and issued to research into the performance evaluation for the implementation of major economic policies and reform measures.

b. An all-round system for government performance management takes shape

In order to connect comprehensive assessment with government performance management and promote the comprehensive, in-depth, and sustainable development of the performance management work in Hangzhou, the city Party committee and government decide in August 2012 that the comprehensive assessment committee is also named as "Hangzhou performance management committee" (hereafter referred to as "the performance committee") in charge of the overall work of the city's comprehensive assessment and performance management, and that the office for the comprehensive assessment committee is named as "Hangzhou performance management committee office" (hereafter referred to as "the performance office") in charge of the daily work of the city's comprehensive assessment and performance management. Thus, Hangzhou takes another solid step forward in advancing government performance management, and a "three in one" functional framework featuring comprehensive assessment, efficacy construction, and performance management takes shape.

An inter-departmental coordination mechanism is established. The functional roles of discipline inspection, evaluation, organization, supervision, development and reform, formulation, human resources and social security, auditing, statistics, and rule of law agencies are given to full play so as to ensure the inter-departmental coordination for performance management work and that each and every department plays their due roles. Close cooperation leads to synergy in performance system

establishment, performance objectives definition, process management and supervision and inspection enhancement, performance statistics collection, and application of performance results.

Various assessments are coordinated and managed. The relationship between comprehensive assessment and special assessments is well addressed, and various assessments and evaluations are put under uniform management. The basic principle of "key points stressed, orientation represented, coordination and integration, aggregate and access controlled strictly and management standardized" is followed. On the basis of investigation and clearance, the management methods for various inspections, examinations, selections, and rewards are formulated, the basic requirement and conditions for the setup are made clear, and the daily management of various assessments and year-end centralized inspections are regulated to avoid overlapping and repetitive assessments.

c. Comprehensive assessment is further improved

After the pilot work for performance management starts, the indicator system of performance assessment for Hangzhou's comprehensive assessment is further improved, the enhancement mechanism for government performance is further boosted, and new breakthroughs are made in exploring the performance evaluation for major economic policies and reform measures, promoting the performance management for financial budgets, conducting evaluation of institutional organization, staring performance audit, and improving performance assessment and evaluation for special objectives in comprehensive assessment. In 2013, in order to adapt to the demand of social and economic development, and in-depth advancement of government performance management, on the basis of carefully summarizing the experiences, the city Party committee proposes to continue to improve the comprehensive assessment mechanism in the spirit of reform and innovation, further highlight the key tasks, stress the effectiveness of work, strengthen mid-term evaluation, and more effectively promote the city's Party and government agencies to "strive to satisfy the people with top-level performance."

In line with the requirement of the city Party committee, the assessment and evaluation office (the performance office) joins hands with the policy research office of the city Party committee, the research office of the city government, the city's discipline committee (supervision bureau), the organization department of the city Party committee, and the city's statistics bureau to form a task group to research into the topic of "improving the institutional design of comprehensive assessment in Hangzhou." The task group widely solicits opinions through questionnaires and seminars. In combination with the mass line education campaign, head of the assessment and evaluation office (the performance office) visits a dozen of agencies and has face-to-face exchanges of opinions with the leaders of these agencies. In 2013, "improving the comprehensive assessment" is established as one of the twelve long-term mechanisms to implement the Party's mass line led by the Standing Committee of the city Party committee.

The assessment and evaluation office (the performance office) proposes a work thought of "streamline, improve and effective" in response to the collected opinions

and suggestions. On the basis of comprehensive and detailed empirical analysis and repeated debate, the office conducts all-round and in-depth research into the improvement of the institutional design of comprehensive assessment, drafts the concrete opinions, and finally issues *Opinions on optimizing comprehensive assessment and strengthening performance management* in the name of the city Party committee and government. The main content of the 23 opinions is as follows:

Firstly, improve the indicator system. The development strategies and work highlights defined by provincial and city government are stressed, and the implementation of scientific outlook on development is made the basic content and main basis of comprehensive assessment. In the comprehensive assessment in districts and counties (cities), the share of GDP indicator is reduced properly, and the share of ecological construction, people's well-being improvement, and other indicators is increased. Individualized assessment indicators are added based on the actual situations of different localities. In line with the requirement of performance management, the objective assessment for agencies directly affiliated with city government includes two dimensions, which are the degree of realization and the measurability of performance and assessed separately. Standing on the current reality and looking into the future, the stability and the openness of the assessment and evaluation system are stressed, comprehensively reflecting the implementation, coordination, responses, and credibility of agencies directly affiliated with city government. The coverage of performance assessment is constantly expanded to promote the overall enhancement of government performance.

Secondly, streamline objective assessment. The number of general work objectives is slashed so as to limit the total number of objectives. Performance assessment method is improved, challenging objectives are included, and horizontal and vertical targeted comparisons are encouraged. Special assessment objectives are categorized and managed separately with highlighted key objectives to show work focus and streamlined objectives to lower burden and increase efficiency. Daily management of objectives is optimized. Objective assessment focuses on monthly analysis and day-to-day follow-up and monitor. Regular notice and disclosure system is established to promote "immediate settlement and immediate report" and reduce the content of year-end centralized inspection and assessment as much as possible. The construction of "digital assessment and evaluation" system is stepped up to realize real-time collection and sharing of assessment data. Records of the assessment are streamlined vigorously, and digitized management of objectives is promoted.

Thirdly, improve social evaluation. Participating agencies are categorized scientifically. Agencies directly affiliated with city government, which was divided into three categories (agencies providing more social services, agencies providing fewer social services, and Party–people relationship agencies), are further divided into agencies providing more social services, agencies providing many social services, agencies providing fewer social services, and Party–people relationship agencies with an evaluation coefficient of 1.05, 1.03, 1.01, and 1, respectively. Special social evaluation is conducted for a batch of major work objectives. With proper evaluation coefficient, agencies undertaking more major tasks entrusted by city Party committee and government are better encouraged. Social evaluation method is optimized,

and the size of samples is reduced properly (the total number of samples from nine levels is reduced from 15,000 to 12,000 with the number of citizen representatives adjusted to 6000 and the number of corporate representatives increasing to 2000). The sampling method, scoring method, and ballot issuance method are improved by expanding information disclosure and improving evaluation quality. Expand the application of evaluation results and gradually include the evaluation data of public service windows into social evaluation.

Fourthly, consolidate the indicators for striving for innovation and excellence. In the past, agencies directly affiliated with city government were given bonus points by applying for striving for innovation and excellence. Now, competition and elimination method is adopted to assess "agencies applying for striving for innovation and excellence." Based on the results of performance assessment, 15% of the projects applying for striving for innovation and excellence of the year will be rewarded with innovation, innovation nomination, and innovation incentive prizes and given bonus points. If an agency, with bonus points, is upgraded into a better level in the comprehensive assessment, it will not take the place of other agencies. The performance evaluation standards and implementation method for "agencies applying for striving for innovation and excellence" shall be improved to properly guide different localities and agencies to engage in pragmatic and sustainable innovation so as to really improve the quality and effectiveness of innovative projects and avoid and overcome formalism.

Fifthly, highlight major tasks. Focusing on the major tasks handed down by the city Party committee and government, monitor, examination, and mid-term evaluation shall be enhanced. The focus of inspection and examination will be those major tasks which lack in implementation, have insufficient performance, and people feel less satisfied. Special performance evaluation will be conducted to urge for the rectification and the full completion of the objectives. Separate prizes are set up to reward major tasks as part of the comprehensive assessment in line with the principle of "the satisfying are rewarded and the dissatisfying are punished."

Sixthly, coordinate the promotion of performance management. It is made clear that with three to five years' efforts, the basic system and work mechanism for performance management be established to all localities and agencies. A performance management mechanism featuring clear direction, good coordination, high efficiency, and effectiveness will thus take shape. The major tasks are as follows: further improve the performance management organization system; enhance the standardization and institutionalization of performance management and step up relevant legislation; explore performance analysis, diagnosis, and treatment research; conduct special performance evaluation for the implementation of major public policies, key reform measures, and government investment projects; establish a coordination mechanism for performance management work; enhance the coordination and management of various assessments and evaluations; improve the comprehensive application of performance evaluation results.

d. Accelerate the legislation of performance management

Legislation is key to advancing government performance management continuously and thoroughly. After many years' practice, it is necessary to legislate the effective institutional design and practical experiences, the perpetuate diversified participants, the participation methods and procedures, the application of results, and the accountability investigation with local regulations.

The legislation of government performance management in Hangzhou is promoted step by step on the basis of practices. In 2009, the assessment and evaluation office puts forward the preliminary concept of promoting the legislation of comprehensive assessment in Hangzhou. In 2010, the assessment and evaluation office starts the preparation work. In 2012, the assessment and evaluation office (also the performance office) lists legislation work as a research project of the year, conducting systemic investigation for Hangzhou to carry forward legislation of performance management, comparing the legislation practices at home with those abroad, proposing the basic framework for the legislation of performance management in Hangzhou, and laying a foundation for subsequent legislative work. On July 30, Huang Kunming, member of the Standing Committee of Zhenjiang provincial Party committee and secretary of Hangzhou city Party committee back then, presides over a special meeting, hearing the report by the office on comprehensive assessment and performance management, fully recognizing the achievements Hangzhou made in comprehensive assessment and performance management in the past many years, agreeing to start the legislation research work for the performance management in Hangzhou, and urging to step up the legislation of performance management.

In March 2013, Wang Jincai, deputy to National People's Congress, the deputy secretary of Hangzhou city Party committee cum the director of the assessment and evaluation committee, submits the proposal of *Actively advance performance management to build a government that people are satisfied with* when attending the national "two sessions," proposing to accelerate the legislation process of government performance management, suggesting the nation to start research into legislation on government performance management and formulate laws and regulations on performance management in a timely manner. Before the national law and regulation on government performance management are released, qualified regions are encouraged and supported to first start relevant legislation with stricter guidance. In the same year, the Standing Committee of Hangzhou city's People's Congress lists performance management as a preliminary legislative project for 2013. In November 2013, the city Party committee and government release *Opinions on optimizing comprehensive assessment and strengthening performance management*, proposing to step up the legislation on government performance management and legislate performance management in Hangzhou. On December 27, the Sixth Plenary Session of the 11th Party Committee of Hangzhou reviews and approves *Decisions on studying and implementing the spirit of the third Plenary Session of the eighteenth central Party committee to comprehensively deepen the reform of key areas and links*, making it clear to step up the legislation on performance management, improve the performance of government work and enhance the credibility and implementation capacity

of government, and ask the assessment and evaluation office (the performance office) to make earnest efforts to research into the legislation on performance management.

At the end of 2013, the assessment and evaluation office (the performance office) sets up a legislative task force with the main leaders as moderators and deputy leaders as coordinators and participants from relevant agencies. After a large number of investigations, discussions, seminars, and several revisions, *Hangzhou performance management regulation (draft)* is formulated. On March 17, 2015, the 26th meeting of the Standing Committee of the 12th People's Congress of the city is first examined. On May 25, *Zhejiang Lingdao Cankao*, affiliated with Xinhua news agency, publishes *Hangzhou legislates government performance management to crack down on lazy officials and lazy administration*, which is then also published on Xinhua's *Domestic dynamics.* Xia Baolong, the secretary of Zhejiang provincial Party committee back then, makes a special comment: "Legislation is the right way to crack down on lazy officials." Gong Zheng, member of the Standing Committee of Zhejiang provincial Party committee and the secretary of Hangzhou city Party committee, also makes a special comment: "Legislation shall be stepped up to further streamline administration and delegate power, and address nonfeasance." With the special attention from provincial and city leaders, the legislation on performance management in Hangzhou picks up. On August 12, the legislation committee of Hangzhou people's congress convenes a meeting to review and revises the drafted regulation. A revised *Hangzhou performance management regulation (draft)* takes shape. On August 27, the thirteenth meeting of the Standing Committee of the 12th People's Congress of Hangzhou reviews and approves *Hangzhou performance management regulation.* On September 25, the 23rd meeting of the Standing Committee of the 12th People's Congress of Zhejiang Province approves *Hangzhou performance management regulation.* On October 14, the Standing Committee of the 12th People's Congress of Hangzhou issues the No. 57 notice, officially promulgating *Hangzhou performance management regulation* effective from January 1, 2016.

Hangzhou performance management regulation is the latest effort by Hangzhou to use the concept and method of rule of law to promote government performance management. It gives government performance management work a legal basis and clarifies statutory duties of performance management agency, marking that Hangzhou ranks first within the nation in the legislation of government performance management. Professor Jing Yuejin, deputy director of the political science department of the social sciences school of Tsinghua University, commends it highly. "In the perspective of political development, governance modernization involves two basic processes." Firstly, the self-optimization of government process management and secondly, the constant improvement in the relationship between the government and the people. Public participation in performance assessment is an important link connecting the two processes. Hangzhou's practice has explored a path of both Chinese characteristics and universal significance. *Hangzhou performance management regulation* integrates and institutionalizes these experiences and establishes the core value of "public participation" in performance assessment. It is a delightful innovation, setting an example for other domestic cities and also providing references to Chinese experience for local governance for other countries.

On June 23, 2016, the Standing Committee of the 12th People's Congress of Hangzhou convenes the 38th meeting. Entrusted by the performance committee, Wu Bin, director of the assessment and evaluation office (the performance office), delivers a report on Hangzhou's performance management work in 2015. This is the first time the Standing Committee of the city's People's Congress heard a report on the previous year's performance management work since the official adoption of *Hangzhou performance management regulation*. It is agreed at the meeting that after many years' practice and exploration, the institutional design of Hangzhou's performance management work is more scientific, the assessment mechanism is improved constantly, the incentive and guidance role is given to play, social participation rate grows higher, and the recognition of and the attention to performance management work by various social circles are rising. It has been pointed out at the meeting that performance management in Hangzhou shall adhere to the direction of legislation, specialization, refinement, and scientific development, further enhance its performance assessment mechanism, improve performance management work, and give full play to its "guidance" and "booster" role so as to promote social and economic development in Hangzhou and contribute to the success of G20 summit.

In the new stage of advancing government performance management in an all-round way, Hangzhou improves the performance management institutions, optimizes the comprehensive assessment, and also realizes the legislation of government performance management, thus promoting government performance management to a new level. Hangzhou city Party committee and government also hope that comprehensive assessment and performance management will play a better guidance and a driving role in the social and economic development and urban governance of Hangzhou in the future. During his visit to the assessment and evaluation office on March 30, 2016, Zhao Yide, member of the Standing Committee of Zhenjiang provincial Party committee and secretary of Hangzhou city Party committee, said: "Comprehensive assessment can effectively transmit pressure and is part of the institutional development work. It is necessary to strengthen the checks and supervision with assessment and evaluation, and put power in cage. The government's inefficient operation will ultimately end one day, and performance management must be effectively combined with deepening reforms to better solve the problem." Later, he further emphasizes that "we must continue to use comprehensiveness properly," follow the concept of "review and satisfaction by the people," adhere to the direction of legislation, specialization, refinement and scientific development, make use of the "booster" and "guidance" role of comprehensive assessment, and achieve "good orientation, good style, good results and good reputation."[10]

[10]Speech delivered by Zhao Yide, member of the standing committee of Zhenjiang provincial Party committee and secretary of Hangzhou city Party committee, at a summary meeting for the comprehensive assessment work of Hangzhou in 2015 on April 21, 2016.

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Chapter 3
Value System of Government Performance Management



Since the 1970s, the new public management movement has begun to orient government performance toward both efficiency and democracy which to some extent contributes to the integration of instrumental and value rationality, and of politics and administration, reversing the long-standing dichotomy of the two pairs. It means that government performance management is not just a managerial tool, but a vehicle that carries the core value of modern governance. In the pursuit of government performance management, Hangzhou aims to achieve the best performance and satisfy people's needs. In doing so, Hangzhou has formed a core set of values for government performance management—openness, democracy, accountability, and performance—under which the government allows the people to judge its performance and tailors its performance to suit the needs of people.

1 Value Positioning of Government Performance Management

1.1 Duality of the Value of Government Performance Management

Different from corporate performance management, government performance management has both instrumental and conceptual value. Only the government performance management with both of them is able to catalyze and guide the modernization of contemporary governance system and capacity.

The debate about the fundamental value of government performance management started as early as when politics-administration dichotomy was proposed, since the modernization of public administration based on the dichotomy is actually a process of rationalization. With the evolution of practices in public administration, especially the introduction of several management tools and ideas to the public sphere such as management by objectives, performance management, and quality management, the

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new public management movement themed on "do more with less" began to appear around the world. Then, with an outburst of reflection and criticism on the movement, the value of government performance management became the key consideration in the theories and practices of Western public management once again. "As an essential dimension to examine and understand governance, instrumental rationality has a notable impact on the improvement of governance capacity and efficacy. However, it should be noted that instrumental rationality should not be overemphasized, or otherwise governance would evolve into technicism and institutional worship that neglects humanity and pursuit of promised value."[1] In retrospect of the theories and practices of Western public management, it seems that the focus of government performance management has shifted from instrumental rationality to value rationality then to the integration of them. Based on the practices and theoretical analysis by the Chinese government in the late 1980s, Chinese scholars also proposed the reconstruction of the value system of government performance management that is reoriented to public benefit under the framework of a service-oriented governance, with specific consideration of the existing public administration system in China.

Instrumental value is the primary and inherent feature of government performance management. As an outcome of the new public management movement, government performance management is firmly rooted in managerialism and is instrumental in nature without being compromised by value and cultural difference. Therefore, it can be used as an effective tool to execute management strategy and accomplish expected result. Since the specific measures in performance management can effectively improve administrative efficiency, instrumental value is to ask people to accomplish goals by the most efficient or optimal means. Performance, as an indicator of the gap of an activity with a goal, is an effective measure to validate if a management method is used in the management process and if the method helps accomplish the goal. For the reason, when government performance management was introduced to the public sector, it was practically used as an instrument to pursue managerialism. At the micro-level, the integration and synergy of performance management tools in public sector gave shape to a complete set of management methods including performance assessment, performance contract, performance auditing, performance-based budgeting, performance-based regulation, and performance appeal, all designed to improve the performance of public sector. At the macro-level, performance management shall enhance organizational efficiency and catalyze the fulfillment of goals by enhancing internal execution and cohesion. As an effective instrument to practice the management ideas and accomplish the goals of government, performance management is known as the most powerful weapon in the management toolkit of the public sector.

Conceptual value is the social feature of performance management and also what performance management is designed to accomplish in the end. All the human practices are value-referenced, and conceptual value, in nature, is the ultimate value of management, a descriptor of the ultimate goal and ideal of human survival. In public administration, the conceptual value of government performance is to ask people "to

[1] Cai (2016).

pay attention to the alignment between political system and policy, among political thought, culture and values, meaning that the assumption of the political system should be incorporated into the cultivation of pro-reform thoughts and values".[2] The conceptual value of government performance management is also the ultimate goal of government management, which includes opening, democracy, accountability, and performance (also known as public benefit). Conceptual value is a dominant ideology that makes instrumental value more lively and vigorous. Only the instruments with conceptual value will not run to the extreme or go astray.

Government performance has both instrumental and conceptual value, similar to the two sides of a coin. Conceptual value is realized via instrumental value, and instrumental value is reinforced by conceptual value in order to make an instrument proactive and conscious. The duality of the value of government performance management means that instrumental value and conceptual value are separate from but dependent on each other, the same as unity of two opposites.

a. instrumental value is the descriptor of conceptual value

Instrumental value is the physical basis and guarantee of the existence of performance management and the precondition for the realization of conceptual value. Instrumental value guarantees the usefulness and effectiveness of performance management. The usefulness of performance management in government management lies in whether the strategic targets set by the Party authority can be translated into the key tasks for different functions and whether the tasks can be fulfilled through process management. Besides, the instrumental value of performance management is also the precondition for the existence of organizations and departments responsible for performance management. Different from other existing government functions, government performance management is an outcome of administrative reform and governance innovation. The precondition for its existence is to prove its role and value in government management. Therefore, the instrumental value of performance management is the physical basis of performance management.

b. conceptual value is embedded in instrumental value

Just as Frederick Winslow Taylor, the father of scientific management, said: "Scientific management is a mental revolution in essence." Consisting of economic value, efficiency, quality, and result, instrumental value embodies the idea of performance management to pursue continuous improvement and breakthroughs. Without the guidance of conceptual value, the realization approach, technical choice, pathway design, and institutional design of instrumental value will run to the extreme.

c. conceptual value is realized via instrumental value

Conceptual value is realized via instrumental value in the sense of legality judgment. Without an effective tool to judge accountability, the existence of public organizations would be on a shaky legal ground. As performance management is the measure and pathway to the realization of accountability, it is necessary for accountability to be

[2] Guo (2003).

measured by performance management. Andrew Dunsire, a British scholar, pointed out that performance management is based on effective accountability, which means not only that you need to answer to what has happened or what is happening within the scope of your authority but also that your accountability should be able to be measured and assessed by regulator against certain criteria or expectations.[3]

1.2 Evolution of Value Positioning of Local Government Performance Management in China

Given that government performance management is a key element of public administration, the value positioning of government performance management will inevitably be impacted by that of public administration. Since the 1990s, local governments have been practicing performance management that suits their local realities and based on the ideas and methodologies introduced from developed countries. Generally, the value positioning of local government's performance management has developed in three stages.

Stage 1: efficiency-oriented (from the mid-1980s to the late 1990s)

During the period, government performance evaluation was introduced to China as Chinese scholars translated *Observation on the Use of Performance evaluation Measurements by Local Governments in Britain* written by David Berningham and introduced the ideas and methodologies of government performance evaluation from developed countries. In practice, MBO, an international management technique, was introduced and applied to the performance evaluation of local governments. The value positioning in the stage was efficiency-oriented with an emphasis on how many and timely administrative objectives and tasks were fulfilled.

Stage 2: consideration of both efficiency and satisfaction (from 2000 to 2005)

In the early twenty-first century, the new public management movement became a global trend. In response, the Chinese government started to pay more attention to government performance evaluation and put it into practice by drawing upon the ideas and methodologies from the west. Many local governments managed to establish their own appraisal mechanisms and systems. In the meanwhile, with economic and social development, governments reformed their appraisal approaches by engaging the public in government performance evaluation and factoring public satisfaction in government performance evaluation system.

Stage 3: accountability- and service-oriented (from 2005 to the present)

Around 2005, the local governments began to experiment with a new approach to government performance management in accordance with the scientific outlook on development. At the same time, researchers on public sector were conducting more

[3]Dunsire (1978).

sophisticated and in-depth research on the ideas and methods of government performance management of other countries, which in turn benefited the practices of local governments in China and helped them develop more systematic management of government performance. As the concept of "the people are the basis" was popularized across China following the proposal of the scientific outlook on development, the local governments put their focus on satisfying the needs of the people, a change of tack compared to the previous stage when efficiency and effectiveness were the focus. In addition, the rule of law became a driving force to advance public management. In the stage, the value positioning was to serve the interest of the public and people by emphasizing the effectiveness and legality of governance, which emphasized that the benefits of governance should be shared by all and ensured that people could participate in public management directly or indirectly.

In retrospect of the evolution of value positioning of government performance management in China, it shows that the scope of value proposition has been extending over the time with efficiency, effectiveness, accountability, service, and satisfaction as the core elements.

1.3 Deviation from Value Positioning of Government Performance Management

According to John Locke, a seventeenth-century politician, the mandate and responsibility of government are to protect the basic rights of people, including life, freedom, and property.[4] Even in the context of socialist market economy, the core issue that government performance management should deal with is still to improve the efficiency of government management through performance evaluation so as to protect and defend people's rights. The purpose of orienting government performance management around efficiency, benefit, service, and accountability is also to enhance the well-being and satisfaction of people. However, the practices in government performance management in China have deviated to some extent from the value proposition and positioning:

First, government performance management is oriented around efficiency only. As government performance management should pivot around the benefits of people, the essential measure of government performance is how much the administrative activities of government benefited the public interest. However, as the definition of public interest is unclear, some departments and local governments prioritize their own interest over public interest, and some local governments only consider efficiency. Further, they conclude that economic development matters more than anything else and thus gives little care to social equity and people's needs, resulting in social problems. When efficiency takes precedence over all else in government performance, it is impossible for government to truly serve the interest of people and likely to expose government actions to constraint by vested interests.

[4]Locke (1964).

Second, the positioning that "the people are the basis" is merely political rhetoric. Under the influence of traditional culture and administrative system, government and officials still tend to prioritize their own interest. As government has economic and social dominance, government emphasizes its authority instead of obligation for the people. With regard to institutional setup, some local governments do not consider the needs and interest of people in performance evaluation, but instead focus excessively on command and control. In other words, the purpose of appraisal is to address their own needs rather than the people's. In practice, non-institutionalized power is more influential than institutional setup and hierarchical authority is far more binding than government performance management. As a result, performance management tends to be used as a tool by government to control its subordinates and please its superiors, which means that it is the command and view of the superiors rather than the people that are the basis, making it impossible for the public to participate in government performance management. Consequently, the public opinions are not considered in decision-making and government fails to respond to the needs of the people in a timely manner.

Third, economic development is placed in a false position. Since the Third Plenary of the 11th CPC Central Committee, economic development has been the focal point of the CPC's roadmap to develop socialism with Chinese characteristics and revitalize the nation in the primary stage of socialism. Unfortunately, many local governments equated "economic development is the focus" to "GDP is the focus," and "development is of overriding importance" to "GDP growth is of overriding importance." What's worse, some officials even fabricated GDP statistics in order to get promoted. With respect to performance evaluation, they have not a correct understanding of modern governance and performance management. Specifically, they often consider economic development, especially GDP growth, as the foremost indicator without considering the cost-benefit equation or specific performance assessment and appraisal mechanism. As a result, the economic growth they have pursued has come at the price of worsening environment and lagging social services, which is not approved or applauded by the people. Actually, it is not what economic development is meant to be and is detrimental to comprehensive, coordinated, and sustainable development.

1.4 Criteria to Judge the Value of Government Performance Management

Governance modernization requires not only government efforts but also the collaboration among government, society, and individuals to jointly cope with governance issues. In developing a service-oriented government, social and public services should be the fundamental goal of government operation in order to enhance social justice, fairness, economic development, social progress, and accountability. Government performance management should also follow the step of government

transformation to adjust its value proposition and positioning accordingly. For an extended period of time in the future, the value positioning of China's government performance management should encompass following elements:

a. Improve the effectiveness of governance

Under the influence of traditional administrative ideas, government management has been lacking in the evaluation and management of administrative effectiveness, which to some extent has led to the dilemma that the more the government does, the less effective the governance is. Therefore, "effectiveness" should be a key measure of government performance management in the future, and it is not just a concept, but an actual process to be put into practice.

To be specific, effective value positioning of government performance management should: first, clearly define the role of government in routine operation and management; second, enhance administrative capacity-building to enable government to achieve preset goals in conformance with relevant systems and frameworks; and third, improve supervisory mechanism by promoting democracy, rule of law, and public participation, so as to avoid abuse of power and waste of resource.

b. Promote social justice and fairness

The primary goal of government performance management is to ensure efficient government operation and catalyze social progress. However, in the pursuit of development, fairness should never be ignored. As fairness is the canon of public governance and service-oriented government, government should take a holistic approach to reduce regional disparity and narrow wealth gap. In other words, equal emphasis should be put on effectiveness and fairness, or otherwise, there will be problems such as disparity and inequity, which is detrimental to long-term stability. Fairness and justice should also be the key orientation of government performance management in China, as it is not only beneficial to government credibility, but also in furtherance of governance capacity, economic development, and social progress.

c. Serve the people

As the coordinator and provider of public services and goods, government should channel financial support and provide policy guidance to facilitate the delivery of quality social services. With the precise value positioning of services, the role of government would shift from a manager to a service provider who supports the all-round development of citizens and enhances social vitality with efficient and quality services. The core value of government performance management is to prioritize the interest of people and satisfy the needs of people, which echoes the core principle of CPC—"People's Government Serves the People." The 17th Party Congress asks the government to give more prominence to its role to provide public services and satisfy people's needs with quality and efficient public services or "government of the people, by the people and for the people." Specifically, it should be the people who decide what services are provided, how transparent the delivery of service is, and how good the services are. The 18th Party Congress asks the government to create a better environment for development, provide quality public services, and

maintain social justice and fairness. Service has become the kernel of government management in China and naturally the core value that government performance management should be oriented toward.

d. Enhance administrative democracy and responsiveness

Administrative democracy or democratic administration means if people have the right to actively participate in government management; responsiveness means if government has established a sound platform to allow the people to express their requests, articulate their concerns, and participate in public affairs. Democracy and responsiveness should be explicit in both internal and external appraisal of government performance. First, with regard to internal performance evaluation and management, democracy among the organization members is key to the continuous development and enduring vitality of an organization. Responsiveness means the effective communication channels between superiors and subordinates or among the peers. Internal performance management and appraisal systems should be designed properly to fully consider internal democracy so that the appraisal results are acceptable for all. For instance, in making the assessment rules, the feedbacks of the assesses should be heard and considered; the assessment process and results should be transparent; and there should be an open channel to give feedbacks, which can contribute to more effective internal communication. Second, as for external government performance assessment, in the inclusive and diverse modern society with different values, the society is full of varying problems and conflicts of interests. Therefore, it is crucial for government to be able to hear and consider the feedbacks and interests of different parties and to provide unobstructed channels for the public to express their concerns and participate in public affairs. A diverse performance management approach will enable the public to participate in decision-making on public affairs and assessment of administrative effectiveness and to put government under public oversight so as to realize good governance through collegiality.

On the macro-level, the value positioning and government performance management should be in line with that of government. On the micro-level, although the value positioning of performance management for governments and departments at different levels may vary according to the function, the fundamental value of government performance management should always remain the same, with economy, efficiency, accountability, service, and satisfaction as the core elements.

2 Value System of Hangzhou's Government Performance Management

In pursuing government performance management, Hangzhou strives for the best performance and satisfies the needs of the people by improving work style, increasing administrative efficiency, enhancing public governance, and strengthening service capacity, which has contributed to the sound and rapid economic and social devel-

opment of the city. Based on its practical experience, Hangzhou has formed a set of values—"openness, democracy, accountability and performance."

2.1 Mandate: Achieve the Best Performance and Satisfy the Needs of People

In the pursuit of government performance management, Hangzhou has carried out a series of institutional reforms and organizational innovations to explore the approach to government performance management that suits its reality. Hangzhou set the mandate to achieve the best performance and satisfy the needs of people very early.

"Achieve the best performance" stresses that the performance needs to be of good quality, which conforms to the principle of "putting quality first" in government performance management. In government performance management, "achieve the best performance" aims to enhance the capacity of governance and improve the quality of public services, a proof that the performance management is efficiency- and result-oriented. As for the institutional design, Hangzhou mainly uses two criteria to measure how good performance targets are fulfilled, namely fulfillment of target and measurement of performance, and it adopts an innovative approach to performance evaluation by engaging a third party in the appraisal of key activities and projects. In practical operation, Hangzhou has formed a complete mechanism, consisting appraisal, rectification, and feedback in order to improve government performance continuously. With the aim to develop an efficient service-oriented government, both the institutional design and the practical operation are meant to guide Party authorities and government agencies at different levels to achieve the best performance, improve performance constantly, and exercise their duties in accordance with law.

"Satisfy people's needs" emphasizes "efficiency," which is in line with the idea of "customer first" in government performance management. In government performance management, "satisfy people's needs" emphasizes that the opinions and needs of the people are the fundamental consideration of government activities, and the satisfaction of people is the essential yardstick against which to measure the quality of government's work. As the mandate of government management and services, "satisfy people's needs" enhances the legality of government administration and fully embodies the nature of Chinese socialism. In the overall government performance evaluation in Hangzhou, social appraisal or appraisal by the general public carries 50% weightage which ensures that the idea of "satisfy people's needs" is reinforced and practiced in institutional setup.

"Achieve the best performance" and "satisfy people's needs" are the two parts of a continuum. "Achieve the best performance" is the precondition for "satisfy people's needs." The appraisal results and practices of government performance management in Hangzhou have demonstrated that the organizations that are rated satisfactory and/or outstanding are all the best performers, without exception, and all of the organizations that are applauded by the people have made a great deal of efforts

to achieve the best performance. In turn, "satisfy people's needs" is the purpose of "achieve the best performance," which is determined by the nature of the Party and the government in China. The satisfaction of people is the sole measure of the quality of government performance. "Achieve the best performance" embodies instrumental rationality, while "satisfy people's needs" embodies value rationality. In Hangzhou, the value rationality of "satisfy people's needs" is achieved via the instrumental rationality of "achieve the best performance."

2.2 Core Values: Let the People Judge and Satisfy the Needs of People

Hangzhou has taken people's satisfaction as the top priority and the essential measure of government performance. By improving the government performance management system, Hangzhou has managed to combine "let the people judge" with "satisfy people's needs" and further make "let the people judge and satisfy people's needs" the core value of government performance management. And it can that guide the government's practices.

In terms of the relationship between government and citizen, "let the people judge and satisfy people's needs" embodies the concept of people-oriented performance management. An athlete playing on the field cannot assume the role of a referee. Likewise, the appraisal by external experts and the public who enjoy government services can reflect the manner of government, quality of service and level of service more objectively, independently and accurately. In particular, the general public to whom the government services are provided is in the best position to assess government performance as they have the real first-hand experience. Therefore, "let the people judge" is one of the most basic and effective means of government performance evaluation.

"Let the people judge" is the best feature of Hangzhou's government performance management works. By means of institutional setup, Hangzhou has granted people the right to judge government performance. First, social appraisal carries 50% weightage in the appraisal of affiliated agencies of the municipal government. Actually, the real weightage of social appraisal is much higher than 50%, considering the influence of social appraisal on follow-up rectifications, which ensures that the general public has a decisive say in the comprehensive appraisal. Second, "let the people judge" does not equate to "let an individual judge." In other words, those participating in appraisal are highly representative of the public opinion. The representatives participating in the appraisal of districts, counties, and affiliated agencies of the municipal government are chosen by way of random sampling. Recently, online social appraisal further increases the extensiveness of appraisers. Last but not least, diverse channels are provided to people to judge and appraise government performance. Apart from the annual overall and special social appraisal, citizens can also appraise government

performance in other ways such as immediate feedback at public service counters, online appraisal, and onsite assessment.

"Let the people judge and satisfy people's needs" is where the vitality of Hangzhou's government performance management lies and is how the mass line of the Party is practiced in the new era. In conformance with the core values of "let the people judge and satisfy people's needs," the working mechanism of "appraisal-rectification-feedback" is formed to practice the Party's principle of "from the masses, to the masses." Hangzhou's practices in performance management have completely conformed to the core values by consulting the people what should be done, what needs to be done, how to get it done, and how good it is done. In this way, the public is able to exercise the right to know, to participate, to choose, and to supervise.

2.3 Four Focuses: Strategy-Focused, Citizen-Focused, Duty-Focused and Innovation-Focused

a. Strategy-Focused

Strategy-focused principle means that the outlook on scientific development should be the overriding principle, and all the activities should be designed to realize the provincial and municipal strategies that pivot around the overarching strategy set by the CPC Central Committee. Likewise, the annual tasks of districts, counties, and affiliated agencies of the municipal government should center around the strategic targets and major decisions made by the Municipal Party Committee and government. The fulfillment and implementation of the strategic targets should be the measure of the effectiveness of their activities. At present, the overarching strategy that local governments and authorities must follow includes the five development concepts, the four comprehensive strategies in addition to other strategic planning, roadmap, and policies proposed in the 18th Party Congress.

Comprehensive appraisal and performance management is a tool of strategic management of which the primary goal is to set indicators and assess results under the framework of the strategic targets and decisions made by the central, provincial, and Municipal Party Committees and governments. In the sense, it is inherently aligned with strategic management.

First, the target of performance management is set around the strategic target of the Municipal Party Committee and government. The key tasks of the Municipal Party Committee and government are translated into specific indicators in performance evaluation. The indicators reflect both existing and potential performance so that the indicators can be used as a guide to lay a solid foundation for the continuous improvement in the long term. The focuses in different periods are aligned with each other to form a continuum so that local governments and authorities are able to set such short-term targets that fully consider both the current needs and the long-term planning. In practice, first, the number of general targets is reduced, and the importance of key tasks highlighted. When a function or department is assigned with

lots of key tasks, it takes charge of less or even no functional targets. Second, special appraisal on key tasks is conducted. The fulfillment and implementation of key tasks set by Municipal Party Committee and government that require extra efforts and interdepartmental collaboration is appraised with a separate scoring system.

Second, performance monitoring mainly targets the fulfillment and implementation of the strategic target set by Municipal Party Committee and government. In process management, Hangzhou has strengthened the inspection and appraisal on key tasks and strategic targets. The inspection is led by the inspection offices of municipal government and Party committee and carried out by several inspection teams who collect information of the fulfillment and implementation of key tasks in multiple ways including routine checks, secret inspections, field inspection, and ad hoc investigation. Inspection teams also analyze the causes for identified problems and ask related districts, counties, and affiliated agencies of the municipal government to look into the problems carefully, take the advice given by inspection teams, and rectify the situation step by step. Performance evaluation is conducted by a third party entrusted by the municipal appraisal office and mainly targets programs with considerable public awareness and widespread influence. For instance, the annual performance evaluation in 2015 was targeted at comprehensive pilot area, dust control, smart public service (NO. 1 Project), tiered diagnosis and treatment, nursing home run by social forces, and welfare programs launched by government.

Lastly, the fulfillment and implementation of strategic target is the essential measure of actual performance. The affiliated agencies of the municipal government are asked to set quantifiable indicators to assess the key tasks. All the quantifiable targets have been quantified, and unquantifiable targets are presented in the form of quality and efficacy description. In the final step of appraisal, "one-vote veto" is applied to several key tasks. For example, in the overall performance evaluation of districts and counties in 2014, the number of tasks to which veto power is applied was increased from 5 to 6 (the task of "energy saving and emission reduction" was divided into "energy saving" and "emission reduction"). With both incentives and disincentives, the reward for performance is pegged to the fulfillment of key tasks directly in order to encourage the efforts on key tasks. Over the past few years, the top-ranking performers have all effectively fulfilled the strategic targets of Municipal Party Committee and government. In other words, for a district, if the county or department directly under the municipal government wants to get a high rating in comprehensive appraisal, it must take concrete actions to pursue the key strategies and tasks set by the Municipal Party Committee and government.

b. Citizen-Focused

Citizen-focused principle means that "let the people judge and satisfy people's needs" is the core values of comprehensive appraisal, the activities of the local governments and authorities center around the urgent needs, and difficulties of people, and the satisfaction of people is the essential measure of quality of their work. As a signature of the comprehensive appraisal and performance management in Hangzhou, the citizen-focused approach has given people a decisive say in government perfor-

mance evaluation by engaging more people in performance management, expanding channels for public participation, and including people in governance.

i. Dominance of the Public in Performance evaluation

The comprehensive appraisal in Hangzhou has four dimensions—social appraisal, appraisal by objectives, appraisal by leaders, and appraisal on innovation programs. Social appraisal is the appraisal by the public on government performance, appraisal by objectives is the appraisal based on internal objectives, appraisal by leaders is the appraisal by superior officers on subordinates, and appraisal on innovation programs is the appraisal by a third party on the innovativeness of an initiative. With a maximum composite score of 100, social appraisal is worth 50 points, appraisal by objectives 45 points, appraisal by leaders 5 points, and appraisal on innovativeness an extra plus. As appraisal by objectives also includes suggestions of the public on rectification and onsite assessment at public service counters, and appraisal on innovation programs engages external experts and customers of public services, the weightage of the public participation is higher than 50% in the comprehensive appraisal, which highlights the dominant role of the public in government performance evaluation.

ii. Representatives from All Walks of Life

In practicing government performance management, Hangzhou attaches great importance to the extensiveness and representativeness of participants. Each year, the city mobilizes dozens of thousands of representatives from all walks of life to voluntarily participate in the annual social appraisal. The randomly sampled representatives would do an independent assessment and give specific advice on the work of government in the year. Nine groups are engaged in the annual appraisal of affiliated agencies of the municipal government. Among them, representatives of citizens carry the highest weightage, followed by corporate representatives. The rest includes Party representatives, deputies of municipal people's congress, members of municipal people's political consultative conference as well as representatives of government agencies, social organizations, industrial associations, experts, scholars, and the media.

iii. Diverse Channels for Public Participation

In the process of government performance management, Hangzhou has been proactively creating channels for the public to express concerns relating to their interests and committed to the institutionalization of public participation, so that every citizen is able to participate in government performance management in various ways. The specific channels for public participation include:

Annual social appraisal based on random sampling. Comments of the public on government performance are collected through mail survey or home visit, and the respondents can elaborate their advice in the questionnaire. During the annual social appraisal, the public can participate in online appraisal on www.hzkpb.gov.cn. Hangzhou initiated online social appraisal in 2015. Since then, the public have been able to score, write reviews, and present suggestions on the performance of affiliated agencies of the municipal government through mobile phone or Web site. In 2016,

the scope of online appraisal was extended to include the counties and districts in Hangzhou.

Immediate feedback. There are 719 counters across the city where public services including administrative approval are delivered. By deploying electronic evaluation devices, a service evaluation system is established that allows citizens who receive public services to give immediate feedback on their satisfaction with public services, which is also known as customer review.

Appraisal by a third party. Hangzhou has created a performance evaluation expert database that hires experts in various fields to appraise the innovation programs launched by government. In recent years, 129 experts have participated in the appraisal of over 600 innovation programs. In addition, the third-party appraisal agencies entrusted by the government conduct ad hoc performance evaluations on major programs or initiatives that capture extensive public attention to prepare informative and independent performance evaluation reports.

Participation in management by objectives. The public participates in the whole process of management by objectives. In setting appraisal targets, performance evaluation experts and information officers are consulted and engaged in the review of annual appraisal targets; in pursuit of the targets, information officers and third-party consulting agencies collect and organize performance information to track the fulfillment and implementation of performance targets; and in the annual appraisal, representatives of citizens are consulted and engaged in acceptance inspection.

Channels for daily reviews. In the civic center, there is a room named Performance of Hangzhou where the real-time information of government performance is displayed and the public is able to make comments and express concerns. On www.hzkpb.gov.cn, visitors can click on Director's Mailbox, Public Opinion Collection, Performance Review, and/or Online Survey to make comments on government performance anytime online including government functions, rectification suggestions, and welfare programs.

Interaction on television program. Each year, officials from government agencies, districts, and counties are invited to television programs to have face-to-face interactions and conversations with representatives on related topics. The representatives for the democratic reviews include Party representatives, deputies of municipal people's congress, members of municipal people's political consultative conference as well as representatives of government agencies, democratic parties, civil organizations, performance information officers, performance evaluation experts, public sentiment observers, the media, citizens, viewers, and citizens in the nine districts. In Hangzhou, all the eligible citizens can sign in for the programs on www.hzkpb.gov.cn, www.hangzhou.gov.cn, and www.hangzhou.com.cn or through official WeChat accounts, Performance of Hangzhou, and Corruption-free Hangzhou. When signing in, citizens can submit the questions they want to raise. Those who raise high-quality questions would be chosen as citizen representatives in the programs.

c. Duty-Focused

Duty-focused principle means that the focus is put on the process and results of the activities of local government agencies to fulfill their duty and targets, with a

view to assess the performance of local governments and authorities in a sensible manner, which can prompt the government functions and agencies to enhance the rule of law in administration. Duty-focused is the precondition for strengthening of performance management. By improving the performance evaluation indicators under the principle, Hangzhou is striving to combine management by process and management by objectives so as to prompt local governments and authorities to fulfill their duty more successfully, monitor their performance more closely and increase the quality of public services.

First, to urge government to perform duty and end negligence and indolence. Among the performance evaluation indicators for departments directly under the municipal government, functional indicators are designed to directly appraise the fulfillment of duty of the departments. The appraisal indicators for a department are set according to function and focus on efficiency, benefits, and effectiveness. The key objectives for a department, as the focus of performance evaluation, are also based on function. Other objectives such as interdepartmental collaboration and response to public concern are also appraised under the duty-focused principle. The tasks that are not included in annual appraisal but are assigned by Municipal Party Committee and government are subjected to miscellaneous appraisal. The best performers across the nation who have similar functions are used as the yardstick against which to measure the performance of the departments, making it possible to define clearly what is indolence, what is good performance or bad performance and what is active response or passive response. At the same time, accountability is enhanced. The result of performance evaluation is the basis for policy change, budget management, organizational management, promotion, and incentive. According to *Regulations on Performance Management of Hangzhou*, the leaders of the departments that fail in performance evaluation for two consecutive years will be disqualified from promotion and election of outstanding staff in the next year, and the leaders of the departments that fail in performance evaluation for three consecutive years will be demoted, dismissed, removed from office or transferred to other positions.

Second, to promote fulfillment of duty based on the rule of law and increase administrative efficiency. On the one hand, with both external and internal appraisal, the performance evaluation system is well positioned to motivate and pressure government departments to fulfill their duty properly, enhance their passion for service provision and increase their efficiency. On the other, based on the feedbacks and comments that are collected in the process of appraisal, the problems of government in fulfillment of duty can be pinpointed so that some common problems such as ultra vires, failure to fulfill their own duty, overlapping functions, and buck-passing would be tackled effectively, and the departments would be prompted to identify their own problems so as to fulfill their duty intra vires efficiently and respond to the most immediate and biggest concerns of the public in a timely manner.

Third, to direct performance evaluation indicators at the actual effectiveness of duty fulfillment. The government performance management of Hangzhou focuses on the awareness of performance in routine work. The scope of performance evaluation would be extended gradually to include special targets; special appraisal and traceability system would be created gradually for major welfare programs; tracking sys-

tem is applied to performance monitoring in order to follow the progress and circulate information regularly in various ways such as the issuance of *Performance Enhancement Notification* or *Performance Notification*; the comprehensive appraisal would be used for identification, coordination, and improvement that helps government agencies improve their performance continuously by analyzing their performance and diagnosing their problems. With the innovative measures, the performance evaluation in the city is no longer a one-shot action but instead a well-designed process of delicacy management that contributes to the continuous improvement of government performance.

d. Innovation-Focused

Innovation-focused principle means that appraisal is performed on innovation programs in a bid to create a favorable ambience for innovation and encourage local governments to innovate their mind-set, institution, mechanism, and methodology. Also, it aims to modernize the governance system and capacity by tackling the prominent and fundamental problems. The performance management of Hangzhou is designed to optimize government function and enhance performance continuously while encouraging government innovation. In the city, appraisal on innovation programs is used as a handle to make government innovation the norm and to create a supportive environment for social and corporate innovation.

First, to put a focus on guiding government innovation. With performance management, Hangzhou is actively guiding, encouraging, and driving government to address public concerns and needs through government innovation. According to the feedbacks and suggestions of the public on government performance, Hangzhou is able to prepare appropriate plans for governance and public service innovation such as *A Guide to Government Innovation in Hangzhou*; with regard to institutional design, collaboration on institutional and macro-level innovation is encouraged. If a collaboration project is included in *Decision of the CPC Central Committee on Several Major Issues of Comprehensively Deepening Reform* or *Catalogue of Government Innovation Projects in Hangzhou*, both the leading and participating agencies are given bonus points so as to incentivize government agencies to jointly pursue innovation and create synergy by working together on challenging large-scale projects that necessitates interdepartmental collaboration.

Second, to establish a sound performance evaluation mechanism. First of all, the innovation targets to be appraised are classified into pursuit of innovation, pursuit of excellence, and resolution of difficulty that captures the needs of different departments for innovation at different stages. Second, after submitting application, an assessment will be carried out to see if the projects are in line with the trend of innovation, the rule of law, and the main function of the department that submits the application, if the projects have clear target for innovation, if the projects are notably innovative, and if the application documents are complete. Furthermore, two expert reviews will be conducted in project performance evaluation: The first review is sector-specific and takes place online, in which 20% of the projects will be rejected; the second review is performed onsite and mainly considers the importance, innovativeness, and potential benefits of a project.

Third, to enhance the incentive for government innovation. According to performance evaluation result, 15% of the programs related to pursuit of innovation and excellence (no more than 10) will be awarded Innovation Award, Innovation Nomination Award, and Merit Award. The awards will be a plus in the comprehensive appraisal that gives the winners an edge to compete with other qualified departments in the appraisal. Government Innovation Award and Government Service Quality Award are also presented. Government Innovation Award is designed to incentivize the ten best departments directly under the municipal governments and the three best districts and counties in the appraisal on innovation programs, and Government Service Quality Award is designed to award the three best programs applied by departments directly under the municipal governments in terms of enhancing the quality of government service.

2.4 Four Notions: Openness, Democracy, Accountability, and Performance

Like the traditional public administration, government performance management also pursues instrumental value with a commitment to administrative efficiency, sensible decision-making, and stronger governance capacity. However, as a strategic management tool to realize the mandate and core value of government, government performance management should not be confined to the realization of instrumental value. In practice, government performance management should capture conceptual value (democracy, accountability service) as well by promoting social welfare, increasing public satisfaction, and advocating social justice and fairness.

a. Openness

As no organization is an isolated existence, all organizations are open systems that exchange resources with the outside world. As an administrative system embedded in the political system, government is also an open organization in essence. In particular, modern government espouses the principle of popular sovereignty (the authority of a state and its government are created and sustained by the consent of its people), which means that the management of both national and internal affairs by government organizations should be open and transparent to the people which is the precondition for people's right to know and participate. Therefore, as one of the effective means of governance, government performance management should be open in the first place.

Since the initiation of "satisfaction appraisal," Hangzhou has been opening the process of government performance management to the public. After the implementation of comprehensive appraisal, Hangzhou has formally created an open and diverse comprehensive appraisal system for government performance management. In the system, government performance is appraised by objectives, senior officials, and the public following an open and transparent process. The appraisal results and information are also open to the public in a timely manner. In the open system, the public is no longer bystanders but instead participants in governance. The system not

only respects people's right to know and participate, but also embodies the openness of governance.

First, the appraisers are highly representative. The 17th Party Congress proposed that the political participation of citizens should be expanded in an orderly manner at all levels and in all areas and people should be mobilized to the maximum extent to participate in the management of national, social, economic, and cultural affairs. Hangzhou has rich experience in promoting the orderly public participation in politics. In 2000, Hangzhou Municipal Party Committee and government launched the first "satisfaction appraisal" that engaged representatives of municipal party congress, municipal people's congress, municipal people's political consultative conference, enterprises, citizens, and departments directly under the municipal government. In 2001, a diverse and multi-dimensional appraisal system was established by extending the scope of representatives to include Municipal Party Committee, municipal people's congress, municipal people's political consultative conference, retired officials, scholars, experts, enterprises, citizens as well as provincial, municipal, county, and district governments. Notably, the representatives of citizens and enterprises were given a bigger voice in appraisal. In 2002, peer review was ended, and district governments, county authorities, subdistrict offices, and rural and urban communities were engaged in the appraisal which had an equal voice. In 2003, the leaders of departments directly under the municipal government were no longer engaged in the appraisal. Starting from 2007, the scope of representatives was further extended to include migrant workers who participated in the appraisal as representative of citizens. In 2013, the composition of representatives of social organizations, public supervisors, and enterprises was improved with the optimization of sample size. At present, the sample size of citizen representatives is 6000, among whom there are 1000 migrant workers and 1000 rural residents. The sampling has been as extensive as possible that considers people of both genders, all ages, different education backgrounds, and all occupations. In addition, there are 2000 business representatives who come from enterprises of various forms and sizes.

Second, convenient channels for public participation are provided. In the process of practicing government performance management, Hangzhou Municipal Party Committee and government have been committed to promoting public participation by offering multiple institutionalized channels, including the annual social appraisal organized by Hangzhou municipal appraisal office, daily review, public scrutiny, online social appraisal, immediate feedbacks, participation in process management, surveys and questionnaires, online reviews, and hotlines. The convenient and diverse channels for public participation have set the stage for the process management of government performance, making the entire process of government performance management open to the public.

Third, a sound information disclosure system is established. Hangzhou has made open the information of all the steps in government performance management from initiation, routine inspection, and annual appraisal, which ensures that all the information on performance management is accessible.

1. Open information on the progress in achieving performance evaluation objectives. The information about the progress can be obtained on www.hzkpb.gov.cn and the portal Web sites of the appraisees, including name of organization, person in charge, type of entity, name of appraisee, description of appraisal indicators, and deadline (monthly). On the web page of each appraisee, visitors can check monthly progress, compare the progress in different months and what progress has been made over the last months. Moreover, visitors can find in the attached the details of milestones in achieving appraisal objectives, Web site of appraisee, and function of appraisee.
2. Release information on the appraisees required to go through rectification. Hangzhou created a system to release information on the appraisees required to go through rectification long before in order to help the appraisees make improvement. After the formalization of rectification objectives based on the social appraisal in the beginning of the year, departments directly under the municipal government would release the rectification objectives they promised to achieve in *Hangzhou Daily* or on www.hzkpb.gov.cn. District and county authorities would also release the rectification objectives they pledge to achieve in the mainstream media or local party newspapers to make sure that the implementation of rectification measures is under public scrutiny. The progress of rectification would be published on www.hzkpb.gov.cn on a monthly basis. The result of rectification would be published on the media as well for the public to assess once again.
3. Release the checklist and highlights of the year-end appraisal. When reporting the fulfillment of appraisal objectives, departments directly under the municipal government would also submit the checklist of year-end appraisal to inform the public of what specific activities are appraised. After collecting all the information on the fulfillment of objectives reported by the appraisees, the municipal appraisal office would make public the information on www.hangzhou.gov.cn, www.hzkpb.gov.cn, and the official Web sites of the appraisees in order to put the appraisal process under closer public scrutiny. Since 2014, the highlights of the year-end appraisal on departments directly under the municipal government have been released to the public. The information, which includes main functions, key tasks assigned by Municipal Party Committee and government, suggestions on improving welfare and public services, and result of social appraisal, would be included in a compilation and provided to representatives who participate in the appraisal so as to keep them informed of the main activities of the appraisees.
4. Publish annual appraisal results. The results of annual appraisal would be announced in the review meeting of annual comprehensive appraisal by the Municipal Party Committee and government. The document containing the appraisal results would be circulated in the meeting, and the results would also be published in *Hangzhou Daily*, www.hangzhou.gov.cn, and www.hzkpb.gov.cn. The feedbacks and suggestions collected in social appraisal would also be included in the annual report on social appraisal and published on relevant media such as *Hangzhou Daily*.

Fourth, a dynamic indicator system is applied. Hangzhou adopts a dynamic indicator system for government performance management. In other words, the indicators of each year's appraisal would be tweaked to suit the aim of the appraisal and the needs of government in the year. Specifically, the considerations include social development, economic development, focus and strategic decisions of Municipal Party Committee and government, particularity of local governments and departments, unexpected factors, and feedbacks of annual surveys. The open and dynamic indicator system would prevent the performance management system from rigidifying and keep the system vigorous.

b. Democracy

Democracy originates from the Greek word "Demos," which means "people." Although democratic polity may have different forms across the world, one thing they have in common is that the citizens under democracy exercise power and fulfill civic responsibilities directly or elect representatives from among themselves to form a governing body. The principle of democracy is rule of the majority and respect for rights of the minority. In the 1990s, Habermas proposed the notion of democratic theories in the public sphere. He believed that the form of democratic politics is not confined to the institution of political discussion such as parliament but also includes political discussion in the public sphere as well.[5] For citizens, democracy is not just about election at the national level but also about the process in which citizens influence government decision and policy making. Citizen participation in decision-making and policy enforcement is an important mark of administrative democratization. No consensus exists on the definition of citizen participation. Norman H. Nie and Sidney Verba define political participation as "those activities by private citizens that are more or less directly aimed at influencing the selection of government personnel and/or the actions they take."[6] Simone Chambers claims that "citizen participation is not that citizens make decisions directly but provide suggestions and opinions on policy-making".[7] Although there is no consensus on the definition of citizen participation, the scholars agree that the core of citizen participation is the participation of citizens in policy making and the influence of citizens on government decision. In its innovative practices in government performance management, Hangzhou has created an institutionalized channel for the public to express opinions which observes the principle of administrative democratization and provides a viable path toward citizen participation in public policy making.

First, the public participate in policy making and enforcement. In the comprehensive appraisal of Hangzhou, thousands of representatives from all walks of life are engaged, covering government officials, municipal people's congress, experts, scholars, enterprises, public institutions, urban residents, rural residents, and migrant workers. Among them, citizen representatives account for over 50% of the total (see Fig. 1). It shows that Hangzhou has included citizens in the process of govern-

[5] Herbamas (1999).

[6] Huntington and Dominguez (1996).

[7] Chambers (1996).

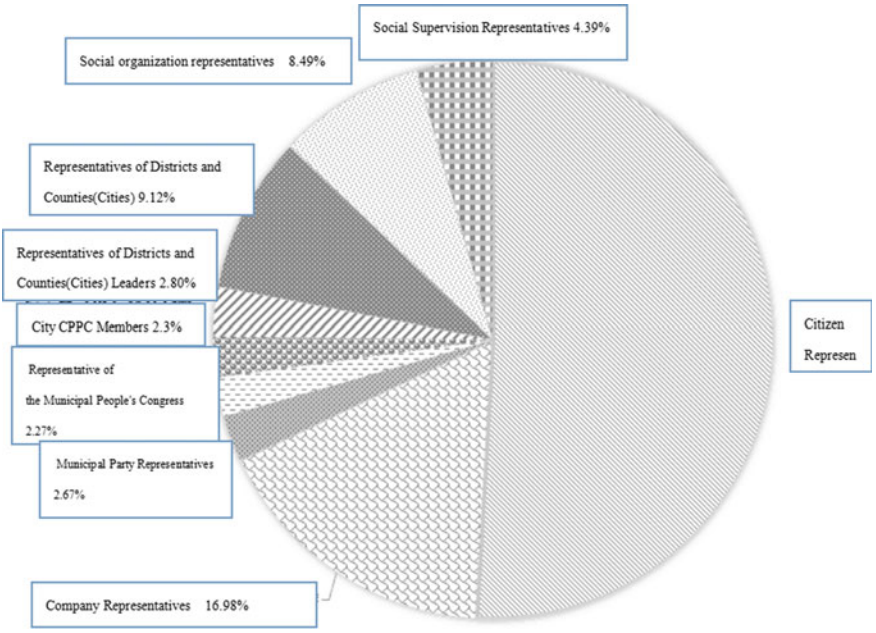

Social Supervision Representatives 4.39%
Social organization representatives 8.49%
Representatives of Districts and Counties(Cities) 9.12%
Representatives of Districts and Counties(Cities) Leaders 2.80%
City CPPC Members 2.3%
Representative of the Municipal People's Congress 2.27%
Municipal Party Representatives 2.67%
Company Representatives 16.98%
Citizen Represen

Fig. 1 Percentage of representatives engaged in social appraisal of departments directly under the municipal government of Hangzhou

ment performance management. By tweaking the sample and weightage, Hangzhou enables the public to directly appraise government performance and influence government decision and policy implementation.

Second, the sound interaction between the government and the public. Each year, over ten thousand public representatives participate in the comprehensive appraisal to provide their feedbacks and suggestions on government performance. Hangzhou has established a stable institutional platform for the public to participate in government performance evaluation and public governance. The feedbacks and suggestions of the public are reported to the Municipal Party Committee and government via the platform which would be used to make public policy. Some specific issues and suggestions are directly fed back to competent authorities based on which they can take corrective actions. The result of correction and rectification based on the feedbacks would be appraised by the public again in the next social appraisal in which the public would provide new feedbacks and suggestions. In this way, a circular, institutionalized, and equitable interaction between the government and the public is created.

Third, the cooperative governance based on public participation is put in place. The public directly participate in public policy making and voice their opinions to point public policy in the right direction. As the most straightforward means for the people to fully express their concerns, social appraisal allows governments and Party authorities at all levels to be aware of the most immediate concerns of the people; in

the process of policy implementation, the progress of implementation is shared with the public, making it possible to reorient policy toward the right direction according to the feedbacks and requests of the public; in policy appraisal, both technical appraisal by experts and subjective appraisal by the public are conducted, "The appraisal by the people whom the government policy effects directly can tell more accurately about what political and social benefits are created by public policy, and to what degree social justice and fairness are realized. Therefore, the appraisal by the people is the most important criterion used to measure the effectiveness of policy and decide if a policy is sustained, modified or ended."[8] The cooperative governance based on public participation ensures the efficacy of governance with the goal of it, which can effectively reduce the cost of governance and increase the credibility of government.

In a democratic society, democracy is a lifestyle. As a viable path toward incremental democracy, public participation in government performance management makes the urban governance in Hangzhou more democratic. Hangzhou has established various platforms for the public to participate in government performance management and appraisal, in which the opinions of citizens carry a heavyweight. As the people have the right to appraise government performance, government agencies will be prompted to consult the people about their opinions, feedbacks, needs, and suggested solutions and protect their right to know, to participate, to express, and to supervise.

c. Accountability

Accountability is answerability, blameworthiness, and liability in an account-giving relationship. In public administration, accountability is the assumption of responsibility by the administrative organs to swiftly respond to the needs and requests of citizens.[9] There are two ways to ensure the accountability of government to the people—internal control and external control. Internal control refers to the internal standards and measures that are established and practiced inside a government organization, whereas external control includes legislative oversight, budget supervision, auditing as well as the oversight by citizens, vested interests, and other individuals.[10] According to Hebert Finer, external control is the best guarantee of administrative accountability that makes government officials answerable to the people and abide by the opinions and requests of citizens. Without external control, abuse of power is inevitable.[11] By including social appraisal in government performance management, Hangzhou has put in place an improved government accountability system.

First, the external pressure from social appraisal is converted into internal driving force. In the comprehensive appraisal, the appraisal by the public carries a high weightage, approximately 50%. It means that the public have a decisive say in the assessment of government services and performance—if the quality of services is good and if the performance is satisfactory. The public is able to not only judge

[8] Yu (2010).

[9] Bao (1999).

[10] Peters (2006).

[11] Finer (1941).

the quality of government performance, but also present their suggestions, requests, and expectations. During the annual social appraisal, the municipal appraisal office receives thousands of feedbacks and suggestions from all walks of life. The office will sort out the information and write an annual report thereon that helps the Municipal Party Committee and government to make informed decisions in the next year. The report will also be made available to the public. At the same time, the municipal authority will assign specific tasks to competent departments based on the information and ask them to analyze carefully and then take corrective actions to address the most prominent concerns of the public. The goals of the corrective actions will be prioritized and publicized. At the end of the year, the outcome of the corrective actions will be published on the Web site and media for the public to reassess. In this way, a loop system (appraisal-correction-feedback) is created for the continuous improvement of performance.

Second, an institutionalized mechanism is created to respond to the public appeal. According to Francis Fukuyama, China's development model is faced with two challenges and one of them is political challenge, namely "if China is able to sustain the high-quality governance with the absence of a political system with downward accountability." He believes that China's political accountability system is upward, namely the government is accountable to the Party. Therefore, if a local official makes a mistake, it is the Party who has the right to punish him instead of the people who are the source of political power.[12] However, the practical experience of Hangzhou in government performance management demonstrates that by creating an institutionalized platform for public participation, it is possible to not only establish a mechanism to hold the government accountable to the people but also sustain the high-quality governance. By including social appraisal in government performance management, Hangzhou allows the public to carry a weightage of over 50% to ensure the accountability of people's government to the people. The practice is also coherent with the core values of "let the people judge and satisfy people's needs" and the administrative principle of "the people are the basis." The performance evaluation indicators and performance management mechanism that center around public satisfaction prompt government agencies and officials to hear the voice of the people and respond to their requests. Moreover, the government has to set political goals and make improvement plans according to the expectation of the public. The practice institutionalizes the concept of "accountability": make annual rectification plan based on social appraisal—identify key rectification objectives—follow up inspection—publish the progress and outcome of rectification—and allow the public to reassess, which ensures that the feedbacks in social appraisal are translated into concrete rectification measures to gain the trust of the people and answer their needs.

d. Performance

Government should not only provide governance and services but also maximize public benefits with minimal public investment. With the aim to achieve the best performance and satisfy people's needs, the government performance management of

[12]Chen (2012).

Hangzhou in line with the value proposition of performance management: "achieve the best performance" means the pursuit of high-quality performance, which is quality-focused; "satisfy people's needs" means that the people are satisfied with the performance, which is efficacy-focused. In line with the tenet of performance management, the aim captures the pursuit of both quality of governance and satisfaction of customers in modern public governance.

First, the appraisal indicators are designed to balance short-term and long-term goals, as well as explicit and implicit performance. The annual tasks that are set for district authorities, county authorities, and departments directly under the municipal government based on the strategic goals, and major decisions of the Municipal Party Committee and government are prioritized in performance evaluation to ensure the coherence between annual goal, medium-term goal and long-term goal. By orienting the objectives and scope of government performance management at different times toward the same long-term goal, the local authorities and departments are able to both address the immediate issues and make clear long-term planning, striking a balance between medium-term goal and long-term goal. Apart from explicit performance, implicit performance should also be appraised so as to prompt the appraisees to lay a solid foundation to achieve the long-term development and guide them to refrain from seeking quick success recklessly. As thus, the work of the government will be more effective and well planned and government performance management will truly contribute to scientific development.

Second, the management mechanism puts an equal emphasis on result and process. Performance management considers both process and result, both performance as the result and improvement in the process. In the government performance management of Hangzhou, the key considerations include not only the ranking of appraisal results but also how the appraisees have improved, how the concerns of the people are addressed, how efficiency is improved, and how satisfied the public are with government performance. With regard to management by objective, the focus has shifted from quantity to quality, from result to process. Both the quantity of fulfilled tasks and their quality are appraised. In addition, the appraisal also considers the recognition of the public and the input–output equation. In the process of management, an open and cooperative relationship between appraiser and appraisee is taking shape. In the relationship, the two parties are able to enhance the communication on performance, expand the scope of functions of government performance management, help local authorities and departments identify problems, coordinate with competent authorities in problem-solving and performance improvement, and improve the overall performance through process management.

Third, the role of the public in enhancing government performance is taken seriously. In the government performance management of Hangzhou, the public opinion has contributed to the improvement and enhancement of governance and performance in three ways. First, problems are found in extensive reviews. Annual social appraisal, immediate feedback at public service counters, online appraisal, and other forms of appraisals in the comprehensive appraisal are very capable of finding existing problems. After soliciting and analyzing the public opinion, the problems facing government agencies are identified easily so that they are able to find out their gaps

with preset goals and address the public concerns effectively. By collecting and analyzing the feedbacks and suggestions of the public, the government is able to understand the views of the majority, the common concerns of different classes, and the most urgent issues that concern the general public. Second, rectification is carried out based on the feedbacks. When problems are found, the competent authorities are asked to devise specific measures to solve them and the results must be made available to the public. The agencies must make promises to the public that the problems will be solved, and both the progress and result of problem-solving should be made available to the public in a timely manner. As for the long-standing problems that are not fully solved, the municipal appraisal office will track the solving of these problems and create a collaboration mechanism among the appraiser, appraisee, and the public (appraisal information officer and media) to ensure that the suggestions given by the public in appraisal are translated into concrete measures put in place. Third, performance is promoted by innovation. Many of the public opinions and suggestions are about the drawbacks and flaws in government management and services, which will push the public sector at different levels to pinpoint their weakness and explore innovation in mind-set, institution, mechanism, and methodology so as to increase the government performance and public satisfaction.

It should be noted that government performance management should not evolve into performancism in the pursuit of performance. Otherwise, the role and impact of government performance management will be negative rather than positive. Performancism means that performance becomes the sole measure of government services and the only determinant of incentive, disincentive, and resource allocation. Performancism focuses on performance, not management, equating the whole management process to a handful of quantified indicators. As process management and human factors are ignored, performancism unavoidably leads to rigid and harsh management, striping the government workers of their initiative. In other words, government workers will do a job if it is good for performance or appraisal and refuse to do anything if not. In some cases, they will intend to accomplish a goal by any means necessary, legal or not, which deviates from the meaning and value proposition of government performance management. The perilous tendency must not be ignored by the leaders, organizers, and operators of government performance management.

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Chapter 4
Government Performance Management System



Government performance management system consists of the organization system, indicator system, and work system. The organizational system is the backbone structure of the government performance management system. It often includes the organization agencies, institutional system, and operational mechanism so as to lead, organize, take part in, and complete the various activities of government performance management. The indicator system includes the content and relevant measurement of government performance, and is an integral instrument for performance evaluation. The work system is a circular system, consisting of performance planning, performance monitoring, performance evaluation, performance feedback, and performance enhancement, established by the government performance management agency on the basis of its mission, core value, vision, and strategy. The chapter deals with the organization system and indicator system of government performance management in Hangzhou. Starting from the next chapter, the work system will be dealt with one by one, including performance planning, performance monitoring, performance evaluation, performance feedback, and performance enhancement.

1 Government Performance Management Organization System

1.1 Several Types of Existing Performance Management Organization Systems

The organization structure of performance management includes the leading agencies, implementation agencies, and coordination agencies. The leading agencies are responsible for the organization and leadership of performance management work in the region and must make it clear who leads the work and which agencies and whichever level of officials are involved. The implementation agencies are responsible for the daily work of performance management. The coordination agencies

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include those relevant agencies and institutions undertaking some performance management work and related to the function of performance management.

Based on the performance management practices in major domestic cities, the leading agencies of performance management are often a deliberation and coordination agency set up by the local Party committee and government with a name of "committee" or "leading group." The leaders of local Party committee and government act as heads or seconds in command of the agency, and leaders of other relevant departments are members of the agency. Due to historical and practical reasons, the implementation agencies, i.e., the performance management agencies, have various organization forms. There are three major forms if we look at the existing performance management agencies in different localities.

Firstly, non-permanent agency is often an office below the leading group and attached to a certain department. The office does not have its own manpower quota, and its members are appointed by staff from the attached department and relevant department. They have meetings based on the needs of the work or concentrate on the work temporarily. The performance management agencies of many local governments adopt such an organization form.

Secondly, based on the needs of work, an existing department is cum performance management agency, or an internal office which is added to the department with its own manpower quota to specialize in performance management work.

In these two forms, performance management agencies are all attached to or combined with an existing department. The majority of domestic performance management agencies adopt these two forms. In different localities and different periods, the performance management agencies are attached to different departments.

The performance management agencies are combined with discipline and supervision departments. For example, in Guangxi Zhuang autonomous region, an office is established under the leading group for performance assessment as a permanent agency attached to the autonomous region's discipline committee (supervision department). In Shenzhen, an office is established under the government performance evaluation committee to take charge of the daily work of performance evaluation and operated in combination with the supervision department (the only independent supervision authority in China). The efficacy supervision office cum government performance management office is responsible for carrying forward administrative accountability and performance management work, and the daily work of the office of the performance evaluation committee of the city government. In recent years, with "the three transformations" (transform the functions, methods, and style) campaign underway in discipline and authorities' supervision, their government performance management functions have been stripped.

The performance management agencies are combined with the supervision department of the local Party committee and government. For example, in Beijing, the government performance management office, the daily coordination and implementation agency, is set up under the joint meeting of government performance management and also named as the supervision office of the municipal government. In Qingdao, the objective management assessment committee is headed by the main leaders of the city Party committee, consists of heads of relevant departments, and has the

supervision offices of the city government and the city Party committee as its office responsible for organizing and implementing the objective management assessment work for the entire city. In Chengdu, the city Party committee and government have supervision offices, respectively, for objective management, which are also the supervision offices of the city Party committee and government.

The performance management agencies are combined with organization departments. For example, in Shanxi, the deliberation and coordination agency for government performance management is the leading group for annual objective-based responsibility assessment. The office of the leading group is located at the organization department of the provincial Party committee and responsible for daily assessment work. In Shandong, the office for performance assessment is also located in the provincial Party committee.

The performance management agencies are combined with human resources and social security department. For example, in Liaoning, the leading group for government performance management is the leading agency for the provincial government to lead the government performance management work in the cities. Below the leading group, there is the office of performance assessment for the provincial government, mainly responsible for formulating, organizing, and implementing the content, method, and indicator system for government performance assessment and evaluation. The office of performance assessment for the provincial government is located at the provincial human resources and social security department.

What's more, according to the features of government organization system and the demands of actual work in different localities, some local governments combine government performance management agencies with the Party's work committees, the development and reform commissions, or the audit departments. At the central level, the duties of government performance management have been transferred from the discipline inspection ministry to the State Commission Office of Public Sector Reform. Thus, it is expected that in the near future more and more local government performance management agencies will be combined with local commission office of public sector reform, in particular in those regions which have not started yet government performance management work.

Thirdly, independent and special performance management agencies are directly under the Party Committee and government with their own manpower quota and specializing in performance management work. This type of organization is currently mainly represented by Hangzhou, which will be elaborated on in the next section.

The choice of organization forms for performance management by different localities is related to their political, economic, and social development levels, also the prominent contradictions and problems to be solved at different stages, and also the administration thoughts and strategies and cognition levels of major leaders of local Party committee and government. The different forms of performance management agencies, non-permanent or in combination with other departments, are all effective and reasonable. Generally speaking, performance management is an institutional arrangement for modern government to enhance their self-development and modernize their governance. As a systemic project involving many areas, many high-level agencies, and many specialized works, performance management demands strong

organizational guarantees for deepened development. An independent and special agency is more conducive to the standardization, institutionalization, and specialization of performance management. Therefore, a high-level independent and special agency for performance management is an inevitable choice for comprehensively advancing and deepening government performance management.

1.2 Hangzhou Performance Management Agency

The evolution of performance management agency in Hangzhou can be dated back to the objective management office for city-level agencies (affiliated with the office of the city government) at the beginning of the 1990s. In October 2000, the city Party committee and government set up a leading group for the "Vote for Excellence" campaign, below which there is an office (located at the Party's work committee of agencies directly affiliated with city government) responsible for the daily work of the selection. In December 2005, Hangzhou city Party committee and government decide to set up Hangzhou comprehensive assessment committee (abbreviated as assessment committee). In August 2006, Hangzhou combines the objective management office for city-level agencies, the "Vote for Excellence" office, and the efficacy construction work office, and sets up an office for Hangzhou comprehensive assessment committee (abbreviated as assessment office) as the permanent office (bureau level) for the committee, marking the realization of organization, institutionalization, and specialization of comprehensive assessment in Hangzhou. In August 2012, Hangzhou comprehensive assessment committee, cum "Hangzhou performance management committee (abbreviated as performance committee)," take the overall charge of the city's comprehensive assessment and performance management work. Hangzhou comprehensive assessment committee office, cum "Hangzhou performance management committee office" (abbreviated as performance office), is responsible for the daily work of the city's comprehensive assessment and performance management. In January 2016, *Hangzhou performance management regulation* takes effect, defining the statutory responsibilities and functions of performance management committees and performance management agencies in the city and its districts and counties (cities). At present, Hangzhou's performance management work has an organization system featuring coordination between city-level agencies and district-level agencies, collaboration among relevant departments and wide participation by social forces, thus providing strong institutional guarantee to continuously advance and deepen performance management work. The organizational structure of Hangzhou's performance management work is shown in Fig. 1.

a. Leading agency

Hangzhou comprehensive assessment committee (Hangzhou performance management committee) is the leading agency for performance management work established by city Party committee and government, and responsible for approving the

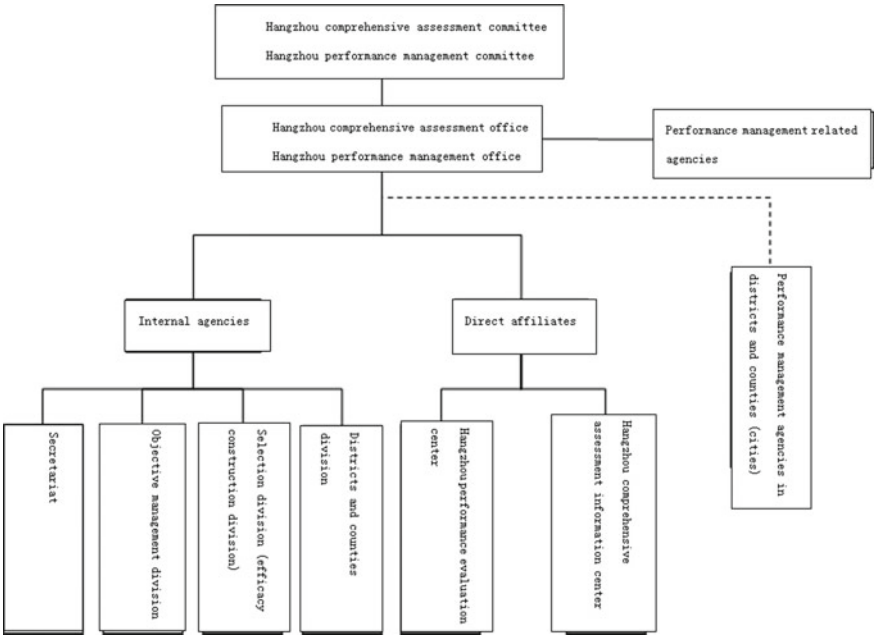


Fig. 1 Hangzhou performance management organizational structure

overall plan, the performance evaluation system, the annual evaluation plan, and performance evaluation results, and coordinating the major work or projects involving comprehensive assessment and performance management. The director of the committee is a special deputy secretary of the city Party committee, the deputy directors are the chief secretary of the secretariat of the city Party committee, the head of the organization department, the executive vice-mayor and the director of the discipline department, and the members are chief secretaries of the secretariats of the city people's congress, government, political consultative conference, and the director of the city assessment and evaluation office (the performance office) and heads of relevant departments. The high-profile composition of the performance management committee allows more effective inter-departmental integration of resources and the government to have centralized and uniform leadership over performance management work and conduct better coordination.

b. Performance management agency

According to *Hangzhou performance management regulation*, as the performance management agency of Hangzhou, the city's assessment and evaluation office (the performance office) is responsible for: formulating, organizing, and implementing the overall plan, performance evaluation system, and annual performance evaluation plan of the city after being approved; approving the performance management plan of the agencies within its jurisdiction, auditing and adjusting their annual performance objectives, and coordinating and regulating various assessment items accord-

ing to law; the daily work of performance management by guiding, regulating, and monitoring the performance management work of the agencies within its jurisdiction; coordinating relevant agencies to jointly advance performance management work; formulating performance management plan, annual performance objectives, and templates of self-evaluation reports; and other concrete work related to performance management.

According to the demands of actual work, the assessment and evaluation office (the performance office) sets up the divisions for objective management, selection and districts and counties, and secretariat. It also has jurisdiction over the division-level agencies of Hangzhou performance evaluation center and Hangzhou comprehensive assessment information center.

Another important component of Hangzhou's performance management system is those agencies related to performance management work, including the commission office of public sectors reform and the departments of development and reform, supervision, financing, human resources and social security, auditing, statistics, and rule of law. With the coordination of the assessment and evaluation office (the performance office), these agencies play their due roles diligently and work together to create synergy in formulating performance system, defining performance objectives, enhancing process management, inspection, and supervision, collecting performance data, and applying the results of assessment so as to ensure the overall effectiveness of performance management.

Under the guidance of the assessment and evaluation office (the performance office), each and every district and county (city) sets up proper agencies to take charge of the performance management work within their jurisdiction based on the actual work conditions and the separation of functions among them.

1.3 Hangzhou Performance Management Coordination Organization

Government performance management has open and democratic features, which require the coordinative participation by various players and a regular and institutional positive interaction among them. The current government performance management model and also national governance model are faced with a serious problem that the government plays a dominant role, and the market, social organizations, and the people only play a limited or even null role, which leads to inefficient allocation of social resources. The government performance management model in Hangzhou features vertical interaction between city-level and district-level managements, horizontal interaction between departments, and participation by social organizations, thus forming a government performance management system led by the government and involving wide participation by performance evaluation experts, performance information researchers, and third-party evaluation institutions.

a. Team of performance evaluation experts

In 2008, in order to make Hangzhou's performance management more specialized, more fair, and more scientific, the assessment and evaluation office, through public recruitment, organization recommendation, and self-recommendation, sets up a team of performance evaluation experts featuring high theoretical attainment, abundant management experiences, good knowledge of the basic situation, and the characteristics of work of administrative agencies and State-owned enterprises and quasi-government entities, and independent analysis and comprehensive diagnosis capacities. The team gives strong intelligent support to the comprehensive assessment and performance management work in Hangzhou in terms of policy consultation and performance evaluation. More than 100 experts are from the provincial decision-making consultancy committee, agencies directly affiliated with provincial government, agencies directly affiliated with the central government, relevant agencies in other domestic cities, domestic prominent universities, and scientific research institutes, and specialize in areas such as economy, politics, culture, sociology, and ecology. According to *Hangzhou performance evaluation expert management interim measures*, the assessment and evaluation office regulates the qualifications, rights and responsibilities, and performance and management of these experts.

Since its establishment, performance evaluation experts have fully participated in the performance management of Hangzhou government and played an important role in the improvement of government performance management system, performance goal formulation, evaluation of private practical projects, and performance evaluation of innovation and excellence (special innovation).

Since the team was established, the experts are fully involved in the government performance management work in Hangzhou and play an important role in improving government performance management system, formulating performance objectives, evaluating projects that address the immediate concerns of the people, and evaluating the projects striving for innovation and excellence (special innovation).

b. Team of performance information researchers

In 2010, in order to expand the channels to collect performance information, enrich the forms of social evaluation, and expand the orderly participation by the people, the assessment and evaluation office sets up a team of performance information researchers featuring strong spirit of public benefits and good knowledge of public affairs and being concerned with issues affecting people's life. The researchers are from the government, companies, quasi-government entities, communities, and industry associations, and specialize in areas such as politics, law, education, medical services, finance, science and technology, tourism, and urban construction. Some are incumbent, and some are retired. The team gives the government performance management work in Hangzhou its own social "antenna," allowing the office to take the initiative in discovering the appeals of the public and making the comprehensive assessment and performance management work more people-oriented. The office formulates *Hangzhou comprehensive assessment performance information researcher management interim measures* to regulate the management of the team.

During the six years' practice, the performance information researchers are fully involved in the whole process of comprehensive assessment and performance management work of Hangzhou, and fully play their roles as "researchers into public opinions and social situation, supervisors of government performance, and mouthpiece of comprehensive assessment" through collecting information and follow-up evaluation and participating in administration. They are an important force driving the deepened development of Hangzhou's performance management work.

Performance information researchers taking part in government performance management make the collected information more targeted, the supervision by the representatives of people more effective, and the evaluation more aligned with government functions. The performance management work in Hangzhou involves more than 100 agencies directly affiliated with the city government and the 13 districts and counties (cities), and has roughly 1000 work objectives annually to assess and evaluate. It requires a large amount of firsthand information to comprehensively, accurately, and objectively fulfill the assessment and evaluation. Focusing on the designated themes and scope, information researchers widely hear people's opinions, suggestions, and comments on government agencies, and spot in a timely manner the signs and development of problems after fully understanding the responsibilities and annual work objectives of the agencies. They serve as a medium to pass the information to higher-level departments by providing original firsthand information for performance management work.

c. Third-party evaluation agencies

Third-party evaluation is the "evaluation of the performance of government and their affiliates by third-party agencies, who are not affiliates of or do not have conflict of interests with the government and private agencies."[1] At present, third-party agencies are mainly those socialized and specialized evaluation agencies, research institutes, and universities. Third-party agencies are not administrative affiliates of or have conflicts of interests with the commissioning party, the party subject to assessment or the clients of the party subject to assessment. Therefore, the independence of third-party agencies is recognized as an important guarantee to the fairness of evaluation results, and the expertise of third-party agencies is recognized as an important foundation to the fairness of evaluation results.

Third-party evaluation has been extensively adopted in government performance management work in Hangzhou. By undertaking work such as assessment of the performance objectives of agencies directly affiliated with city government, citizen satisfaction survey for projects addressing the immediate concerns of people, special performance assessment for key work objectives, satisfaction survey for projects aiming at improving the quality of services, satisfaction survey for projects striving for special innovation in districts and counties, satisfaction survey for special rectification objectives after the opinions of social evaluation of agencies directly affiliated with city government, processing the information of social evaluation (figures and texts), and among others, third-party evaluation agencies have become an integral

[1] Bao and Zhang (2008).

part of the organization system of the government performance management work of Hangzhou.

With constant exploration and practice, Hangzhou has formed a set of scientific and stable work standards for third-party evaluation, which give whole-process supervision to third-party evaluation agencies from recruitment to the final examination and adoption of results and play an important role in promoting cooperation with third-party agencies. Firstly, strict standards are adopted in recruitment. According to the requirement of government purchase, the third-party agencies are recruited through bidding, selection meetings, or other quoting procedures after their qualifications are verified and comprehensive strength is evaluated. Secondly, strict standards are adopted for evaluation. A special person is designated to be responsible for each performance evaluation project, undertaking the liaison with third-party agencies, the supervision of the implementation of the projects, and the examination of the evaluation instrument and standards so as to ensure the proposal by third-party agencies is feasible. Thirdly, strict standards are adopted for the quality of evaluation. Third-party agencies are required to conduct research into the projects by strictly following evaluation procedures, give proper training to the researchers, and conduct pilot survey so as to guarantee the quality of the evaluation. The person designated responsible for the project needs to monitor the process and the quality of the evaluation work by third-party agencies in a timely manner, and ask for corrections if necessary. Fourthly, strict standards are adopted for the examination and acceptance of evaluation results. The results of performance evaluation are presented in the form of quantitative data and performance evaluation report. Third-party agencies shall be responsible for the authenticity of the results, and the person designated responsible for the project shall verify, inquire, and examine the authenticity and the standardization of the presented results.

At present, third-party evaluation results have become an important part of the basic data of the performance management work of Hangzhou and also been used comprehensively by the assessment and evaluation office (the performance office). The office reports to the city Party Committee and government are using as references in making decisions in the form of special work report the analytical report on performance evaluation of the major work of the city Party committee and government. The analytical report will also be sent to the assessed and evaluated agencies to help them spot problems and serve as references for them to improve work and performance. The assessed and evaluated agencies will be urged to rectify those problems identified during the process of performance evaluation within the required time in the form of *performance enhancement notice*, and the results of rectification will be included as part of the objectives for annual performance evaluation.

In general, Hangzhou government performance management work makes good use of the independence, expertise, and reputation of third-party evaluation institutions, and properly integrates social resources so as to effectively prevent power rent-seeking, form an external check-and-balance mechanism of transparent process and objective results, and make up for the flaws of the self-evaluation by government. They play an important role in advancing government performance management.

2 Government Performance Management Indicator System

Government performance management indicators are important tools for people to understand and seize the essence of government activities, scientifically measure the actual level of government performance, and systematically summarize government performance. They are considered as the core and logical starting point of performance management, defining the content of performance evaluation, reflecting the scope and situation of government performance of duties, and acting as the benchmark for quantifying government performance. Promoting government performance management requires a scientific and reasonable set of performance management indicators.

2.1 The Design of the Performance Indicator System

The indicator system is the core of the government performance management system, which serves as the basis for performance plan, process management, assessment and evaluation, and application of results. A scientific and reason indicator system has a direct bearing on the quality and level of the government performance management work.

a. The design principles of government performance indicator system

The design of the indicator system for government performance shall fully represent the direction and demands of the development of the transformation of government functions and reflect the demands of the government to improve its capacity to provide better public services. It follows five basic principles.

i. Combination of stability and dynamic changes

The functions of local governments and government agencies are an important basis for the design of evaluation indicators. They stay relatively fixed in a certain period of time, but also change with the development of economic and social environment. Therefore, performance evaluation indicators should be both stable and should reflect dynamic changes. Besides, it has been proven by foreign performance management practices that level I indicators generally remain stable for a longer period of time, level II indicators are relatively stable for a shorter period of time, and level II and more refined indicators shall be adjusted based on the development of government management practices to reflect dynamic changes. Of course, the share of performance indicators and the scoring standards also need to be adjusted based on the value orientation of evaluation and also actual situations so as to make sure performance evaluation is in line with the reality and development trend of government management at technical level and that government performance evaluation is credible and effective.[2]

[2]Bo (2008).

ii. Combination of general and special indicators

The design of government performance indicator system shall take into account both the generality of evaluation rules and evaluation indicators, and the individualized features and differences of the assessed and evaluated agencies. In designing local government performance indicator system, we shall stand on local conditions, be based on the status quo and features of local government management, and abide by the basic rules and requirements of designing performance indicators. After systemic analysis and thorough investigation, the indicator system shall be hierarchical, highlighting the major areas and the special indicators for key tasks. In other words, on the one hand, we shall start with the responsibilities of local government and design the general indicators such as economic development, social administration, public service, and self-construction of the government. On the other hand, we shall carry forward differentiated assessment to reflect the differences and special features by scientifically categorizing the assessed agencies, setting up customized indicators and giving differential weights so as to better play a leading and guiding role.

iii. Combination of immediate results and long-term potential

The performance of local government is represented by promoting local economic development and all-round social progress. The evaluation shall involve multiple areas such as economy, politics, society, and environment, and it is a complicated and arduous systemic project. Government performance management shall transform the policies and decisions of the Party committee and government into concrete work objectives and assessment indicators to enhance follow-up monitoring and promote the implementation of relevant work. It shall assess both the immediate results and also the long-term potential by focusing on those tasks that lay good foundation for future work so as to reflect the development performances of local governments through multi-dimensional indicators. By enhancing the continuity and connectivity of the indicators in different periods, we shall promote different localities and agencies to address the immediate and major concerts and also make long-term plan so as to combine the realization of short-term objectives and long-term development.

iv. Combination of quantitative and qualitative indicators

We shall combine qualitative and quantitative indicators, and prioritize quantitative indicators so as to make sure the performance is actually measurable. Quantitative indicators must be calculable and can be directly evaluated by quantification. For qualitative indicators, we shall actively explore operable quantitative methods and achieve accurate measurement. There are two quantitative methods for qualitative indicators. Firstly, conduct quantitative breakdown for qualitative indicators. Secondly, on the basis of qualitative analysis, give quantitative evaluation by scoring the evaluation and assessment so that the results are statistical.[3] The data shall have authoritative and credible source documents and channels, and follow the principle of practical availability.

[3]Wang and Li (2006).

v. Combination of internal assessment and external evaluation

The fundamental function of government at all levels is to provide public services to the society and the citizens. Chinese governments at all levels are in the process of transition into service-oriented governments, so people orientation is especially important. It requires the design of the indicator system for government performance starting from the needs of the people and truly reflecting the aspirations and demands of the people. The system shall come from the people, serve the people, and benefit the people. By combining internal assessment with external evaluation, the internal assessment within the organization is made more effective and performance evaluation also more credible. Such a combination is conducive to the "tuning" of unidimensional assessment and makes sure the evaluation results all-round, objective, and fair.

b. The content of government performance indicators

The content of government performance indicators includes the categories, nature, and elements of indicators.

i. Indicator categories

Whatever type the government agency is, its indicators can be categorized as strategic indicators, functional indicators, self-construction indicators, and non-weighted indicators. For a government and its dispatched agencies, strategic indicators are those indicators for the government's strategic tasks in economy, society, resources, and environment. Functional indicators consist of indicators reflecting the administration efficiency, capacity, and cost of government. For government agencies, strategic indicators consist of the key performance indicators broken down from the government's strategic tasks, and functional indicators are the indicators for the breakdown of the statutory duties of government agencies. Non-weighty indicators include the rewarding indicators for special innovation on the basis strategic and functional indicators and punitive indicators for violation of laws and discipline and gross neglect of duty.

(1) Strategic indicators. In a locality, the major strategic plans, major decisions by the Party committee and government, and annual key work objectives are broken down into concrete work indicators to ensure the realization of strategic objectives.
(2) Functional indicators. According to their statutory duties, agencies formulate the indicators reflecting their performance of duties and also the efficiency, benefits, and effectiveness of the results.
(3) Self-construction indicators include mainly those evaluative indicators reflecting the self-construction of different localities and agencies, such as the evaluation of the construction of the leadership, the construction of clean government and work style, public sector reform, and financial performance. They often are subjected to the assessment by organization, discipline inspection, public sector reform, financing, and other functional departments.

(4) Non-weighted indicators include the special bonus indicators and accountability punitive (veto) deduction indicators. On the one hand, on the basis of implementing strategies and defining responsibilities, bonus indicators are set up to provide incentives for government to strive for innovation and excellence. On the other hand, for violations of laws and disciplines, gross neglects of duty and incidents exerting negative impact on the society arising in the process of the performance of public power, deduction, and "one-vote veto," when the violation is serious, will be implemented.

ii. Nature of indicators

(1) Binding indicators. A binding indicator is a goal that must be achieved. If it is achieved, it will score. If it is not achieved, it will not score.
(2) Expected indicators. The expected indicators are the goals that reflect the will of the Party committee and the government and will be achieved as much as possible. Scores will be given based on the degree of achievement.
(3) Challenging indicators. The assessed agencies set up some challenging goals (indicators) based on the socioeconomic development demands and past work performances of the locality and agency. When the agencies complete the key challenging indicators beyond expectation at year-end, then they will be given proper bonus points.

iii. Elements of indicators

A complete performance indicator shall contain the names of all levels' indicators, the definition of the indicators, the basis for the setup, the target value, the weight, the scoring standard, the time limit for completion, the evaluation cycle, the subject of the assessment, the source of the data and the collection agency, the person/department designated accountable, and among other elements.

The names, definitions, and setup basis of indicators at all levels define the source and composition of the connotation of the content of performance assessment, evaluation, and management. Indicators at all levels (level I/II/III/IV) are the logical breakdown, refinement, and implementation of government objectives in various categories of indicators. The definitions of indicators are the elaboration and illustration of the specific assessment content for bottom indicators and have two major purposes. Firstly, establish a consistent understanding of the assessment content between the assessed and evaluated agencies and the assessors and evaluators so as to avoid unnecessary disputes arising from the assessment and evaluation. Secondly, clarify the direction for future efforts for the assessed and evaluated agencies. The setup basis means the design of indicators shall stand not on "subjective and random" and "undeliberate" beliefs, but be based on authoritative sources, mainly documents, to reflect the concept of statutory duties and well-founded indicators.

The six elements of the target value, the weight, the scoring standard, the time limit for completion, and the evaluation cycle are the specific definition of the method for performance assessment and evaluation. The target value defines the goals to be achieved in each and every indicator, and is often moderately challenging. The nature

of the objectives is used to distinguish soft indicators from hard indicators. If the hard indicators (also binding indicators) are not met or their completion suffers from quality problems, then the score is null. For soft indicators (also expected indicators), scores will be given according to the degree of completion. The weight reflects the degree of importance of an indicator in the entire indicator system and is set following the Delphi method, the hierarchical analytical method, or the weight factor estimate table. The scoring standard designs the rules for actual scoring methods for each and every indicator, including calculation formula and scoring rules, and is scientific, easy to use, and also inspiring. The time limit for completion is the specific timing requirement for the assessed and evaluated agencies to achieve the target value. The evaluation cycle reflects the frequency of monitor and evaluation of each indicator, and provides guidance for the process monitor and management by the assessors and evaluators. The six elements represent the specific management concept, thought, method, and tools of performance objectives, and aim at providing management support for the assessors and evaluators to follow and monitor the timely and up-to-quality completion of the objectives.

The three elements of the assessors and evaluators, the sources of data and the collection agencies, and the person/department designated responsible are actually the identification of three types of responsible subjects (the evaluation subject, the data subject, and the responsibility subject). The identification of the evaluation subject answers who takes charge of the assessment and evaluation. In performance management system, the evaluation subject should be responsible for the daily monitor and management of the indicators. The identification of the sources of data and the collection agencies defines the source texts and responsible agencies for the evaluation data. In performance management system, each and every indicator shall have authoritative and consistent sources for data and specific data collection agency so as to avoid disputes over year-end evaluation results due to inconsistent statistical calibers and enhance the justice and fairness of the assessment and evaluation. The identification of the person/department designated responsible defines the subject to perform the duties as contained in each and every indicator. For indicators requiring inter-departmental cooperation, the lead responsible agency and person shall be identified to assign work to each post and make the responsibility clear to each person.[4]

2.2 The Overall Structure of "Three Plus One" Comprehensive Assessment in Hangzhou

With comprehensive assessment, Hangzhou city Party committee and government conduct all-round, multi-dimensional, and comprehensive assessment and evaluation of agencies directly affiliated with city government and the districts and counties (cities) by following the guidance of scientific outlook on development, aiming at

[4]Zang (2013).

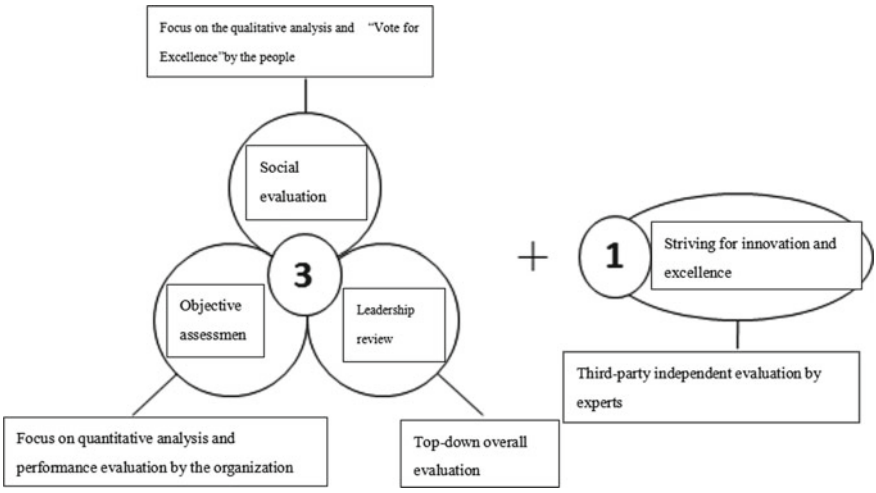


Fig. 2 Schematic diagram of the "three plus one" comprehensive assessment system in Hangzhou

"satisfying the people with first-level performance" and eying the four dimensions of objective assessment, social evaluation, leadership review, and striving for innovation and excellence (special innovation). The "three plus one" comprehensive assessment system is illustrated in Fig. 2.

From the composition of the indicator system for comprehensive assessment, objective assessment focuses on the quantitative analysis and performance evaluation by the organization, and social evaluation focuses on the qualitative analysis and "Vote for Excellence" by the people. On the basis of the traditional five-scale scoring method, leadership review adopts standard scoring method. The projects striving for innovation and excellence by agencies directly affiliated with city government are measured with the "competition plus elimination" method, and the special innovation projects in districts and counties (cities) are measured with the method that "bonus points are given by simply taking part." The combination of social evaluation and organization assessment (objective assessment and leadership review) ensures the effectiveness of internal organization assessment and enhances the credibility of comprehensive assessment through the institutionalization of public opinion expression channels, thus well addressing the problems of lack of credibility for top-down assessment and lack of efficiency for bottom-up evaluation.

2.3 The Indicator System for Comprehensive Assessment of Agencies Directly Affiliated with City Government

According to the functions and the nature of the work of agencies, Hangzhou divides the departments, committees, offices, bureaus, and other agencies directly affiliated with city government into evaluation agencies and non-evaluation agencies with dif-

ferent evaluation contents, different weights, and uniform assessment and evaluation (see Table 1).

The total score of comprehensive assessment for agencies directly affiliated with city government is 100 points with 50 points of social evaluation, 45 points of objective assessment, and 5 points of leadership review. Agencies directly affiliated with city government may apply for projects striving for innovation and excellence voluntarily as bonus points in comprehensive assessment (see Fig. 3).

Non-selection agencies have only objective assessment and leadership review with 90 points of objective assessment and 10 points of leadership review. Social evaluation solicits public opinions instead of giving scores.

a. Objective assessment

In the current indicator system of performance assessment for agencies directly affiliated with Hangzhou city government, the performance indicators include key indicators, functional indicators, and general indicators, and work objectives include key work objectives, inter-departmental coordination objectives, appeal response objectives, and self-construction objectives. The design of the indicators reflects quantitative tasks and also qualitative work (see Table 2).

b. Leadership review

Adopting the perspective of the superiors, leadership review is the evaluation of the overall work performance of agencies directly affiliated with city government by members of the city's four sets of leadership, the city's chief justice, and the city's chief procuratorate. The evaluation covers the completion of work objectives of agencies directly affiliated with city government, the completion of tasks commissioned by city Party committee and government, the horizontal comparison of an agency with other similar agencies, and the contribution of an agency to the entire city.

c. Social evaluation

As a bottom-up external assessment, social evaluation forms a strong external pressure on the municipal unit and promotes the department to improve the style of the organization and improve administrative efficiency.

i. Composition of social evaluation

Social evaluation consists of comprehensive social evaluation and special social evaluation. Comprehensive social evaluation is the evaluation of the overall degree of satisfaction by the people of the performance of the year of agencies directly affiliated with city government. With project-by-project evaluation method, special social evaluation is the evaluation annual key tasks that are deployed by city Party committee and government, advanced by multiple departments jointly, have a bearing on people's life, and are well known to the public. Relevant agencies will be given scores based on the result of evaluation.

ii. Content of evaluation

Table 1 Categorization of agencies directly affiliated with city government taking part in comprehensive assessment

Categorization		Name	Evaluation content
Evaluation agencies (63)	Government agencies providing more social services (15)	City urban management committee (city urban management and law enforcement bureau), city public security bureau, city market supervision bureau (city industry and commerce bureau, city food and drug administration), city housing security and management bureau, city human resources and social security bureau, city environmental protection bureau, city health and family planning commission, city transportation bureau, city price bureau, city education bureau, city planning bureau (city mapping and geographic information bureau), city construction commission, city land resource bureau, city finance bureau (city local taxation bureau), city quality supervision bureau	Objective assessment Leadership review Social evaluation
	Government agencies providing more social services (14)	Hangzhou West Lake scenic area management committee (city garden culture bureau, city canal comprehensive protection committee), city civil affairs bureau (city old-age work office), city letters and visits of public complaint bureau ("12345" mayor public phone reception center), city tourism committee, city agricultural bureau (city aquatic product bureau), city safety supervision bureau (city safety committee office), city culture, radio, press, and publication bureau (city copyright bureau), city forestry and water bureau, city sports bureau (city sports association), city justice bureau, city audit office (city public resource transaction management committee office), Hangzhou economic development zone management committee, Hangzhou Dajiangdong industrial cluster management committee, city fire prevention bureau	

(continued)

Table 1 (continued)

Categorization		Name	Evaluation content
	Government agencies and other agencies providing fewer social services (18 pcs)	Hangzhou provident fund center, city economic information committee, city development and reform commission, city commerce committee (city food bureau, cross-border comprehensive pilot office), city science and technology committee (city intellectual property right bureau, city earthquake bureau), city civil defense office (civil defense bureau), Hangzhou culture and radio group (Hangzhou radio and TV station), Hangzhou Daily group (Hangzhou Daily), city archive bureau (city archive center), city ethnic and religious bureau, city State-owned asset supervision and administration commission, city finance office, city agricultural office, city rule of law office, city supply and marketing cooperative, city foreign affairs office (city Hong Kong and Macao affairs office), city overseas Chinese affairs office, city economic cooperation office	
	Party–people relationship agencies (16)	Organization department of city Party committee (personnel office of city Party committee), publicity department of city Party committee (city civilization office), city united front department, city political and legal committee (city comprehensive management office), city commission of public sector reform, work committee of agencies directly affiliated with city government, Party history research office of city Party committee, Party school of city Party committee (city academy of public administration, city socialist academy), city federation of trade unions, city communist youth league committee, city women's federation, city federation of the literature and art, city association of science and technology, city federation of overseas Chinese, city federation of disabled people, city social science association (city academy of social sciences)	

(continued)

Table 1 (continued)

Categorization		Name	Evaluation content
Non-evaluation agencies (49)	Agencies requesting opinions (34)	City Party committee office (city Party committee policy research office, city Party committee reform office), Standing Committee of city people's congress, city government office (city government research office), city political consultative conference, city discipline and inspection committee (city supervision committee), city court, city procuratorate, Hangzhou Chengxi technology innovation industry center management committee, city Party committee retired official bureau (work committee of agencies directly affiliated with city government), city Party committee Taiwan affairs office (city Taiwan affairs office), city audit bureau, city statistics bureau (city investigation bureau), bureau of affairs of city-level agencies, city Qianjiang Xincheng management committee, city commerce and tourism group, city urban investment group, city transportation investment group, city subway investment group, city financial investment group, city canal group, city trade promotion association (city international chamber of commerce), city national taxation bureau, Hangzhou survey team of national statistics bureau, Hangzhou customs clearance authority (agencies located in Hangzhou), Hangzhou railway public security office, Hangzhou examination and quarantine bureau, city postal management bureau, city meteorological bureau, city tobacco bureau, State grid Hangzhou power supply company, Hangzhou post company, Hangzhou telecommunication company, Hangzhou mobile company, Hangzhou Unicom company	Objective assessment Leadership review Social evaluation (requesting opinions)

(continued)

Table 1 (continued)

Categorization		Name	Evaluation content
	Agencies not subject to social evaluation (15)	Evil cult prevention and mitigation office of city Party committee, city national security bureau, Beijing office of city government, Shanghai (Shenzhen) office of city government, city academy of agricultural science, Xiling Yinshe committee, city committee of the Revolutionary Committee of the Chinese Kuomintang, city committee of China Democratic League, city committee of China National Democratic Construction Association, city committee of China Association Promoting Democracy, city committee of Chinese Peasants' and Workers' Democratic Party, city committee of China Zhi Gong Party, city committee of Jiusan Society, city federation of industry and commerce, city Red Cross Society	Objective assessment Leadership review

(Information last updated on: December 2016)

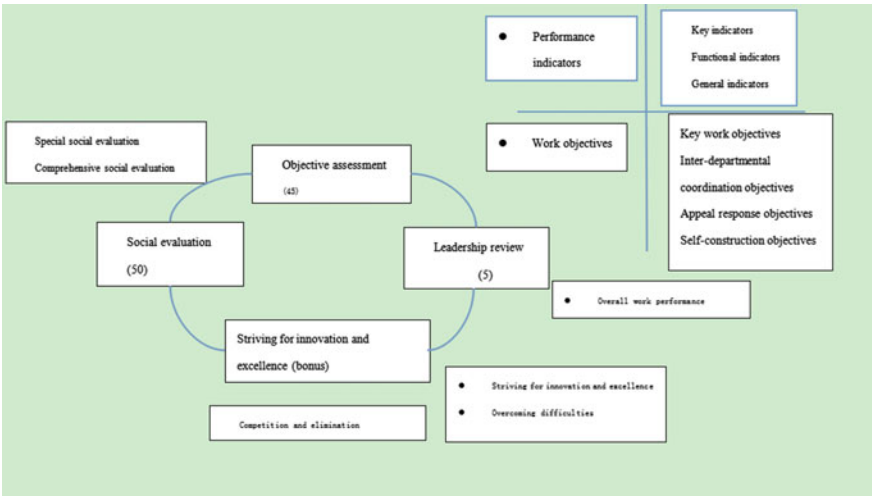


Fig. 3 Indicator system of comprehensive assessment and evaluation of agencies directly affiliated with city government in Hangzhou. *Note* "Functional indicators" pick some of the performance indicators reflecting the performance of statutory duties of agencies directly affiliated with city government. The performance indicators of Party–people relationship agencies focus on policy implementation and service provision, and the quality and level of administration and the forward-looking and supportive work are stressed. The performance indicators of law enforcement and supervision agencies focus on justice and efficiency, and stress statutory duties and administration by law. The performance indicators of social management and service agencies focus on fairness and balance, and stress the quality of services and satisfaction by people. The performance indicators of economic management agencies focus on scientific development and stress work efficiency and fairness. The performance indicators of State-owned enterprises focus on the major work entrusted by city Party committee and government, and stress undertaking social responsibilities, level of public service in cities, industrial demonstration, and urban space layout improvement. Business indicators of companies are advised not to be categorized as functional indicators

Comprehensive social evaluation covers service attitude, work efficiency, fairness, honesty and self-discipline, work effectiveness, social impact, and among other areas. Special social evaluation designs of relevant evaluation indicators are based on the assessed and evaluated projects.

iii. Evaluators

Comprehensive social evaluation randomly selects 12,000 votes from nine levels, such as deputies to the city's Party Congress, deputies to the city's People's Congress, members of the city committee of the political consultative conference, representatives of leaders of districts and counties (cities), representatives of agencies of districts and counties (cities) (including heads of departments, committees, offices, bureaus, townships, and communities), representatives of social organizations (including heads of community residential committee, industry associations, and private and non-company entities), representatives of social supervision (including retired officials, experts and scholars, agencies directly affiliated with provin-

Table 2 Performance assessment indicator system of objectives of agencies directly affiliated with city government

Categorization	Indicators	Content of indicators of assessment or evaluation	Assessment dimension		Objective (indicator) illustration	Weights
			(1) Degree of completion	(2) Degree of measurability of performance		
Work objectives	Key work objectives	Key assessment objectives of Hangzhou by provincial Party committee and government	●	√	Based on the objective-based responsibility letter signed by Hangzhou city and the provincial Party committee and government	80%
		Relevant tasks of the year broken down from the medium- and long-term strategic objectives and major decisions of city Party committee and government	●	√	For example, the specific annual tasks such as "ten measures for reform in Hangzhou" and "ten regulations in Hangzhou"	
		Other annual key tasks identified by city Party committee and government	●	√	The breakdown of annual key tasks defined by city Party committee and government and assessable objectives and tasks (based on the report of the city Party committee and the work report of city government, and major investment project within government budget is evaluated by city development and reform commission)	
		Projects addressing immediate concerns of the people by city government	●	√	Assessed according to *assessment measures for projects addressing immediate concerns of the people by city government*	

(continued)

Table 2 (continued)

Categorization	Indicators	Content of indicators of assessment or evaluation	Assessment dimension		Objective (indicator) illustration	Weights
			(1) Degree of completion	(2) Degree of measurability of performance		
		Key special work of the city Party committee and government	●	√	Phased key special work of the focus of city Party committee and government	
	Inter-departmental coordination objectives	Phased work objectives led by relevant department, requiring multi-departmental coordination and cooperation, having a direct bearing on the entire city, with clear annual objectives and tasks and suitable for quantitative assessment, often consisting of several special projects	●	–	They are proposed by the lead departments of special work and set up according to the principle of necessity, feasibility, effectiveness, and total amount control. For special objectives, the lead department will give and hand down, after being examined by the city assessment and evaluation office, basis for breakdown, assessment content, and assessment method, which will be included in the annual performance objective assessment of relevant agencies. The lead agency takes overall responsibility for the project	
	Appeal response objectives	Complain letters and visits and the "12345" mayor's public telephone response, rectification after social evaluation opinions (including the objectives of rectification after opinions supervised and tracked by city assessment and evaluation office), response to proposals	●	–	They are led, respectively, by the city bureau of complain letters and calls, the city assessment and evaluation office, the office of the city government, the work committee of deputies of the city people's congress, and the proposal committee of the city's political consultative conference	

(continued)

Table 2 (continued)

Categorization	Indicators	Content of indicators of assessment or evaluation	Assessment dimension		Objective (indicator) illustration	Weights
			(1) Degree of completion	(2) Degree of measurability of performance		
	Self-construction objectives	Construction of leadership, Party style and clean government, performance management, financial performance evaluation, evaluation of public sectors reform	●	–	They are led, respectively, by the city Party committee organization department, the city commission for discipline inspection (the supervision bureau), the city assessment and evaluation office, the city finance bureau, and city commission of public sectors reform	20%

Note

(1) "Degree of completion" is the comparison of the actual implementation of the objectives (indicators) with the content of the set objectives (indicators) in terms of progress, workload, and coverage. The scores are given according to the percent of actual implementation

(2) "Degree of measurability of performance" is the degree of challenging of achieving the objectives (indicators), the quality of work, the application of results, the effectiveness and the efficiency, and the degree of satisfaction. The objectives with √ are compatible with the setup of degree of measurability of performance. There are three types: challenging indicators, recognition and reward, and performance assessment and evaluation

(Information last updated on: October 2016)

cial government, the press, performance information researchers, representatives of city style reviewers), business representatives, and citizen representatives (including urban residents, migrant workers and migrant entrepreneurs, and rural residents). Special social evaluation picks those who receive the service of the evaluated projects and surveys the degree of their satisfaction with the projects.

d. Striving for innovation and excellence

Striving for innovation and excellence evaluation adopts the "competition plus elimination" method and gives incentives following the principle of "voluntary application, performance evaluation, and selecting the best." The applicants will be given bonus points based on the results of performance evaluation.

i. Project type

Projects striving for innovation and excellence can be divided into those striving for innovation, excellence, and overcoming difficulties. Projects striving for innovation include original innovation projects and inherited innovation projects. Projects striving for excellence include comprehensive recognition, reward results, and improving the quality of service. Projects overcoming difficulties include the solution of social hotspot issues and difficult issues, and the solution of the bottlenecks of agency performance enhancement.

ii. Evaluation method

The evaluation of projects striving for innovation and excellence adopts the "completion plus elimination" method. After two rounds of performance evaluation by experts, top 15% or less than ten of the applicants for striving for innovation, excellence, and overcoming difficulties, respectively, are selected to be given innovation awards, innovation nomination awards, and innovation incentive awards, and also proper bonus points in comprehensive assessment. If an agency is upgraded to a better level with the bonus points, it will not take the place of other agencies at the upgraded level.

2.4 The Indicator System for Comprehensive Assessment in Districts and Counties (Cities)

The comprehensive assessment of districts and counties (cities) in Hangzhou covers the 13 districts and counties (cities) within the jurisdiction of Hangzhou. Among them, Chunan receives separate assessment as a pilot area for the construction of "beautiful Hangzhou." In the setup of assessment content and weights, objective assessment accounts for 65% (including development indicators and work objectives), leadership review accounts for 5%, and social evaluation accounts for 30%. Special innovation projects are applied by the districts and counties (cities) voluntarily as bonus items and receive also performance evaluation (see Table 3).

Table 3 Comprehensive assessment indicator system for districts and counties (cities) in Hangzhou

Evaluation dimension	Content of assessment or evaluation indicators		Points	Total
Objective assessment	Development indicators	Economic development	30	30
		Social management and public services		
		Development potential		
		Personalized indicators		
	Work objectives	Key work objectives: major tasks identified by the city Party committee and government and involving districts and counties (cities), including the tasks defined in the responsibility letter signed between city Party committee and government, and districts and counties (cities); annual important tasks need to be completed by districts and counties (cities) and other special work objectives	25	35
		General objectives: self-construction of agencies in districts and counties (cities), and other work objectives of common feature, including the construction of leadership, Party style and clean government, efficacy in agencies, rectification after social evaluation opinions, information monitor, and objective management	10	
Leadership review	Comprehensively assess the leading capacity, execution, collaboration, innovation, and overall work performance of the leadership of districts and counties (cities)		5	5

(continued)

Table 3 (continued)

Evaluation dimension	Content of assessment or evaluation indicators	Points	Total
Social evaluation	The overall evaluation of the work performance and social impact of the work of Party committee and government in economic construction, social management, public services, administration by law, and self-construction in districts and counties (cities)	30	30
Special innovation	Assess the performance of reform and innovation measures of local characteristics and promotion Value in economic development, social management, public services, political democracy, administrative reform, and Party building in various districts and counties (cities)	5	5

(Information last updated on October 2016)

2.5 Objective Assessment

Objective assessment accounts for 65% of the total score of comprehensive assessment in districts and counties (cities). The assessment content includes the completion of development indicators and work objectives.

a. Development indicators

Development indicators total at 30 points, including economic development, social management and public services, development potential, and personalized indicators. The setup is based on the following considerations. Economic development represents the basic line of focus on economic development, requiring districts and counties (cities) to prioritize development so as to promote the rapid and sound development of regional economy. Social management and public services are people-oriented so as to guide local Party committee and government to establish people-oriented and people-centered administration concept. Development potential requires local Party committee and government to develop proper outlook on administrative performance by focusing on current development and also pursuing long-term objectives to realize sustainable development. Personalized indicators reflect the features and development directions of different localities based on the strategic deployment of the city Party committee and government and local conditions following the principle of seizing the direction and differentiated guidance. The specific content of the indicators is shown in Table 6 in Chap. 7. The personalized indicators are applied by relevant agencies directly affiliated with city government and districts and counties (cities) on the basis of local work conditions and the requirement of the city Party committee and government to integrate urban and rural development. The assessed items may apply to single district and county (city) or multiple districts and counties (cities). Personalized objectives (indicators) shall be concrete, specific, implementable, measurable, comparable, and continuous. When considering the setup of personalized objectives (indicators), regional advantages,

development advantages, and development focuses shall be prioritized, and the indicators shall also be properly advanced and oriented. The assessment data is provided by departments above the city-level or by authoritative third-party agencies.

b. Work objectives

The assigned score of work objectives is 35 points, including key work objectives and general objectives. Among them, the key work objectives include the work responsibility letter signed between the city Party committee and government, and local Party committees and governments, other key tasks identified by the city Party committee and government, and other assessment objectives. The key work objectives are adjusted annually. General objectives include mainly the construction of leadership, Party style and clean government, efficacy in agencies, rectification after social evaluation opinions, and the organization and management of objectives.

2.6 Leadership Review

The leadership review is the evaluation of the leading capacity, implementation, coordination, innovation, and overall work performance of the leadership of districts and counties (cities) by the members of four sets of leadership, the city's chief justice, and chief procuratorate. Leading capacity is the capacity of the leadership of districts and counties (cities) to see the whole picture, make scientific decisions, and organize implementation. The implementation capacity is the capacity of leadership of districts and counties (cities) to implement the strategic decisions and deployments by central, provincial, and city Party committee and government and complete tasks handed down by superiors. The coordination capacity is the capacity of leadership of districts and counties (cities) to engage in united cooperation and coordinate with relevant parties. The innovation capacity is the capacity of leadership of districts and counties (cities) to stand firmly on local situation to liberate thought, seek truth from facts, make active explorations, and stay brave in innovation and pioneering progress. The overall work performance is the leadership of districts and counties (cities) to organize and lead local economic, political, cultural, social, and ecological development to deliver tangible benefits by following the requirement of scientific outlook on development.

2.7 Social Evaluation

a. Evaluators

The five levels of the evaluators include representatives of residents, deputies to Party congress at all levels, deputies to people's congress at all levels, members of political

consultative conference committee at all levels and representatives of retired officials, business representatives, representatives of departments, committees, offices, bureaus, communities, and townships, and representatives of community residential committees and village committees. The weights are illustrated in Table 4.

The size of samples for social evaluation in districts and counties (cities) is defined by the local total population (according to the sixth census data).

b. Evaluation content

The social evaluation of districts and counties (cities) in Hangzhou follows the people-oriented and people-centered administration concept and the comprehensive assessment purpose of "satisfying the people with first-level performance," and designs 16 indicators in areas such as economic development, social management, public service, administration by law, and self-construction (see Table 5 for details).

2.8 Special Innovation

Special innovation projects entail bonus five points. Districts and counties (cities) may report to their superiors the reform and innovation measures of special local features and worth promotion in areas such as economic development, social management, public services, political democracy, administrative reform, and Party building. The assessment is given following the principle of "voluntary application and performance evaluation."

Table 4 Weight setup of the samples of social evaluation of districts and counties (cities) in Hangzhou

Sample source [districts and counties (cities)]	Weight (%)
1. Representatives of residents (identifying the ratio of urban representatives to agricultural representatives according to local conditions)	40
2. Representatives of deputies to Party congress, deputies to people's congress, members of political consultative conference committee and retired officials at all levels	25
3. Business representatives	15
4. Representatives of departments, committees, offices, bureaus, communities, and townships	10
5. Representatives of community residential committees and village committees	10
Total	100

(Information last updated on: December 2016)

Table 5 Content of social evaluation indicators of comprehensive assessment of districts and counties (cities) in Hangzhou

Serial number	Content of evaluation indicator
1	Are you satisfied with the improvement of material life?
2	Are you satisfied with the public cultural life of your district or county (city)?
3	Are you satisfied with the moral quality and social atmosphere of the citizens of the district or county (city)?
4	Are you satisfied with the employment services provided by the district or county (city) government?
5	Are you satisfied with the poverty alleviation situation in urban and rural areas in this district or county (city)?
6	Are you satisfied with the compulsory education in this district or county (city)?
7	Are you satisfied with the medical services in this district or county (city)?
8	Are you satisfied with the environment and health conditions of your district or county (city)?
9	Are you satisfied with the social security situation in the district or county (city)?
10	Are you satisfied with the work safety situation of the district or county (city)?
11	Are you satisfied with the disclosure of government affairs and the situation of acting by law in this district or county (city)?
12	Are you satisfied with the construction of grassroots democracy in this district or county (city)?
13	Are you satisfied with the work style and efficiency of the Party and government agencies of the district or county (city)?
14	Are you satisfied with the selection and appointment of officials in this district or county (city)?
15	Are you satisfied with the construction of Party style and clean government in this district or county (city)?
16	Your overall evaluation of the work of the Party committee and government of the district and county (city)

(Information last updated on: December 2016)

2.9 Indicator System for the Separate Evaluation of "Beautiful Hangzhou" Chunan Pilot Area

The 18th Party Congress includes construction of ecological civilization into the "five in one" overall layout, clearly stating the strategic objective of building beautiful China and making an important proposal of making efforts to embrace a new era of socialist ecological civilization. In line with the important instructions of General Secretary Xi Jinping and a series of requirements of the central and provincial Party committees, the Fifth Plenary Session of the 11th Party Committee of Hangzhou reviews and passes *resolution on building* "*beautiful Hangzhou*" and *outline of the*

implementation of the construction of "*beautiful Hangzhou*" on July 30, 2013, and designates Chunan as a pilot area for pioneering explorations in ecological civilization construction.

In order to well implement the decisions of the city Party committee, the city assessment and evaluation office (the performance office) joins hands with relevant agencies to research into and set up the indicator system for the comprehensive assessment of Chunan pilot area of "beautiful Hangzhou." On the basis of maintaining the integrity of the comprehensive assessment system, the pilot area of "beautiful Hangzhou" is assessed separately, and indicators reflecting the construction of ecological civilization, such as resource consumption, environmental degradation, and ecological benefits, are included in the socioeconomic development evaluation system. The new and separate assessment and evaluation indicator system is adopted in the comprehensive assessment in districts and counties (cities) in 2013, when the assessment of Chunan's GDP is canceled and the comprehensive evaluation index of environmental quality is optimized. Ecological protection, ecological economy, and improving and safeguarding people's life are highlighted in development indicators, industrial economy aggregate and relevant indicators are not assessed any more in principle, and the key work objectives also start to focus on the construction of ecological civilization. Following the idea of strengthening the construction of the main functional area, the separate assessment and evaluation of Chunan stands on "building the entire county into a scenic area stressing ecological protection" and takes as the core content of assessment enhancing ecological protection, developing ecological economy and improving and safeguarding people's life. The assessment method focuses on the assessment of the standard value, control ratio, and rise of indicators and uses more of vertical and diachronic comparisons so as to better reflect the quality and benefits of development. The separate indicator system for "beautiful Hangzhou" Chunan pilot area guides the Chunan to pay more attention and spend more financial resources on ecological protection and social construction, protect blue mountains and green rivers, and develop service economy featuring tourist economy so as to make a good example that "green rivers and blue mountains are gold and silver mountains."

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Chapter 5
Performance Planning



Performance planning is which the process the responsible agencies and the performance management agency can discuss, achieve mutual understanding of, and sign agreement on what work they will do, why they do them, to what degree they need to do them, and when the work needs to be done during a new performance cycle at the beginning of the performance cycle. It is the start point of performance management and also the primary condition for the success of performance management. With performance planning, the strategic objectives of government are broken down into comprehensive and systemic performance indicators and indicator system, and the responsible agencies and people are commissioned with clear tasks and also clear path to realize performance objectives. Therefore, performance planning has an important role in the entire process of government performance management.

In the practice of Hangzhou, performance planning includes the formulation of performance management plan and the formulation of annual performance objectives.

1 Formulation of Performance Management Plan

1.1 Meaning of Performance Management Plan

The planning is a process to give strategic guidance toward future, formulate according to action plan, and implement effective control. The planning includes the identification of the objectives of organizations, the formulation of strategies to realize the objectives of organizations, and the formulation of specific plans to unify and coordinate work. It focuses on both the results (what it is) and the path (how to do it). The purpose and the role of planning are to present action plans to reduce conflicts brought about by changes, minimize wastes and redundancy, and set up standards to facilitate control.

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As said in article ten of *Hangzhou performance management regulation*, based on the local economic and social development plan (of the industry) and the duties of the agencies, the responsible agencies shall formulate five-year performance management plan, which shall be reported to and approved by the performance management agency. The approved performance management plan is the basic foundation for the responsible agencies to formulate annual performance objectives and the performance management agency to conduct supervision and management.

In order to promote the implementation of the various strategic objectives and tasks of local economic and social development, enhance the self-construction of government, advance performance management according to law, and elevate the modernization level of urban governance, the responsible agencies formulate a special plan lasting through the performance cycle (often five years), which is the performance management plan. The performance management plan will be implemented after being reported to and approved by performance management agency. Simply put, performance management plan answers what to do and how to do it.

Performance management plan is hierarchical. The performance management agencies of cities, districts, and counties (cities) formulate the master plan for performance management of their own levels, and the responsible agencies also formulate their own performance management plan. The formulation of the performance management plan shall stand on local conditions and may refer to the local five-year plan for economic and social development (of the industry) and the five-year work plan of the responsible agencies.

1.2 The Important Role of Performance Management Plan

In all things, success lies in previous preparations and there will be failure without previous preparations. Planning plays an important role in the entire process of management. Performance management plan plays an irreplaceable role in government performance management systems.

a. Performance management planning is a primary link of government performance management system

In the entire chain of government performance management, performance management plan is the primary link, and the following links of performance monitor and evaluation are all based on it. Performance management plan defines the major responsibilities, overall work objectives and major indicators, the methods and measures, and the time limit to complete the objectives of the responsible agencies. The formulation of annual performance objectives and the following performance monitor, evaluation, feedback, and improvement shall all stand on it. With a clear performance management plan, the integrity, systematicity, and accuracy of performance management will be greatly compromised.

b. Performance management plan is a necessary condition for achieving high-level government performance

With performance management plan, government at all levels and their agencies can master and grasp the work schedule and objectives of the performance cycle, the potential obstacles, and countermeasures. Therefore, performance management plan is not a simple work plan, but as a link of the performance management system, the planning process stresses more about the achievement of consensus between the performance management agency and the responsible agencies on how to achieve expected performance with interactive communication so as to lay a sound foundation for the formulation and implementation of annual performance objectives and the pursuit of high performance.

c. Performance management plan is an important way to implement government strategic plan

In order to enhance the level of government services and strengthen of the integration and planning of economic and social resources, governments at all levels formulate their own medium- and long-term plan for national economic and social development and annual work plans, many of which, however, achieve nothing due to lack of implementation measures or control mechanism. With performance management plan, the strategic plan and objectives of government are broken down into the specific annual work objectives and indicators of the responsible agencies, and of each and every staff member of the various agencies of governments at all levels so as to make sure the economic and social development plan is implementable and achievable.

d. Performance management plan is an effective and proposed control method

Performance evaluation is an effective control method to make sure the work objectives of the responsible agencies are achievable. With performance evaluation, the responsible agencies will carry forward their work according to the requirement of performance management agencies so as to advance the realization of the overall objectives. As a forward-looking control method, the performance management plan plays its control role at the beginning stage of the resources of the organization being invested, properly plan the objectives and tasks, and effectively allocate the resources of the organization so as to make the performance objectives achievable. The performance management plan improves the effects of control from the beginning and avoids waste of resources.

1.3 The Main Content of Performance Management Plan

Government performance management in foreign countries starts earlier with in-depth exploration and practice in the content and formulation of performance management plan. For example, in the USA, according to the regulation of *Government performance and results act*, the basic content of the strategic plan is as follows:

the statement of the mission of the agencies of the organization; long-term overall objectives covering the major duties and operation areas of the agencies, including results-related objectives; statement of the measures and tactics for the agencies to realize the set objectives, including the operation process, investment of skills and technologies, and the manpower, funding, information, and other resources required for the realization of the objectives; the statement of the relationship between the annual performance objectives and the overall objectives; identification of the key external factors that have major influence on the realizations of the objectives of the agencies and are beyond control; and clear statement of the adopted project evaluation technology to formulate and adjust the objectives and list the schedule for project evaluation.

China's government performance management starts late, and none of the domestic regions has ever formulated performance management plan. On the basis of past practices, Hangzhou makes active explorations in formulating performance management plan.

Hangzhou performance management regulation, approved in 2015, has a special chapter of performance management plan and annual performance objectives, which defines the main content of performance management plans as follows: statement of major duties and the major tasks undertaking by the agencies; the overall objectives and major indicators for the performance of major duties and completion of work; analysis of the key factors influencing the objectives and tasks; methods and measures to complete the objectives and tasks; and other major matters related to performance management. According to *Hangzhou performance management regulation*, the assessment and evaluation office (the performance office) of Hangzhou issues *Notice on doing well the first round of the work of formulating performance management plan* on the basis of thorough research in 2016 and further defines the content of performance management plan of the responsible agencies.

a. Scientific breakdown of medium- and long-term strategic objectives and key work objectives

The strategic objectives and tasks defined in the regional five-year plan for national economic and social development are the key objectives for the regions medium- and long-term economic and social development, the realization of which requires the concerted efforts of governments and agencies at all levels. In order to make sure these strategic objectives and tasks are completed in time and up to quality, these strategic objectives and tasks must be broken down into the responsible agencies. With performance management plan, the responsible agencies can break down the indicators included in the outline of the city's five-year plan for national economic and social development into quantitative and assessable annual objectives. In the meantime, in combination of their own duties, the responsible agencies define the objectives and major indicators for the agencies to perform their major duties and complete tasks in the performance cycle.

b. Promoting rectification of performance problems

With the adoption of the problem-oriented approach, the hotspot and difficult issues of people's concerns, and the prominent and underlying problems and conflicts, are taken as the start point and basis for the work. With performance analysis, diagnosis, and research, an effective and efficient discovery mechanism and rectification mechanism are set up to constantly promote the rectification of performance-related problems, improve the sense of gaining of the people, and enhance the degree of satisfaction by the people. The responsible agencies are required to focus on hotspot and difficult issues and spot the problems repeatedly reflected but not effectively addressed in social evaluation opinions. Special attention shall be paid to those problems spotted in daily management and affecting the enhancement of performance, such as insufficient management and excessive establishment, disjointed establishment and management, imperfect long-term mechanism, lack of the sharing of resources, and insufficient coordination between departments. Improvement plan, measures, and projected objectives shall be proposed.

c. Properly plan the work of striving for innovation and excellence

As reform is comprehensively deepened to promote the modernization of national governance system and governance capacity, it is especially important to guide government agencies to properly plan projects striving for innovation and excellence to advance the work of striving for innovation and excellence constantly and pragmatically. In the first round of formulating performance management plan, Hangzhou requires the various localities and agencies to focus on major issues during the 13th five-year plan period, such as improving the international level of the city, advancing the strategic adjustment of the economic structure, promoting the transformation of economic development model, stepping up the integrated development of urban and rural areas, innovating and enhancing social management, supporting and improving people's life, and elevating capacity building and the long-term underlying conflicts and problems restraining the development of Hangzhou to conduct all-round analysis, in-depth research, and meticulous planning so as to well formulate the five-year plan of striving for innovation and excellence to improve the systematicity, sustainability, and compatibility of the work of striving for innovation and excellence and promote new breakthroughs in the reform of major areas and key links.

d. Build a standard system for public governance and government services

It is an inevitable requirement of building service- and efficacy-oriented government to enhance the scientific, standardization, and specialization level of public governance and government services, improve the efficiency and quality of public services, and promote the constant elevation of the overall performance of the government by putting standards first. In formulating performance management plan, various localities and agencies are required to stand on the actual situation of their work and their actual duties to look for the shortcomings in public governance and government service, align with international standards, summarize the existing national, industrial,

and local standards, and formulate the catalog and system for their own public governance and government service standards. In organizing the formulation and the practice of relevant standards and regulations, special efforts shall be made to create the Hangzhou standard for standardized, refined, specialized, high-quality, and high-performance public governance and government services to further improve the modernization level of the governance in Hangzhou.

1.4 Formulation of Performance Management Plan

a. Formulation time limit and responsible agency

The performance management plan in Hangzhou lasts five years and is formulated and implemented synchronously with the outline of the five-year plan of national economic and social development. The responsible agencies for the formulation are those districts or counties (cities) governments and agencies which are directly affiliated with Hangzhou city government.

b. Stylistic rules and layout of text

i. Part one: Mission and vision

(1) Overview of the development background of the local governments and agencies, their major duties and major tasks (please refer to the lists of responsibilities and power of functional departments as said in three definitions, i.e., the definitions of duties, internal agencies, and manpower);
(2) According to the mission, the analysis of the situation, and the demand of the development of the localities and the agencies, identifies the direction of work and the development objectives (aligned with the five-year plan for national economic and social development and the relevant special plans) during the plan period.

ii. Part two: Key indicators and key work objectives

(1) Annual objectives broken down from the tasks and performance indicators of the five-year plan for national economic and social development involving the localities and agencies;
(2) The main functional performance indicators reflecting the performance of duties and the annual objectives of major work.

iii. Part three: Key objectives of performance management

(1) Comb through the opinions and suggestions repeatedly reflected in the social evaluation opinions in the past three years and propose rectification direction, measures, and projected results for the prominent problems among them (listed item by item and represented by indicator if measurable by specific indicators);

(2) Draw inferences about other cases from the performance problems not effectively addressed and reflected in daily performance information, performance evaluation, and performance rectification notice and make proposals about rectification direction, measures, and projected results (listed item by item and represented by indicator if measurable by specific indicators);
(3) Make proposals about the direction, the source of projects and innovation path (listed) for the application for projects striving for innovation and excellence (special innovation) according to the needs of the work of the localities and agencies and the direction defined in *Hangzhou city government innovation projects catalogue*;
(4) List the catalog of standards and define the time limit and basis for the standards to be formulated (revised) in terms of existing standards, standards to be revised, and standards to be formulated by analyzing the status quo of the standardization of public services and social governance of the localities and agencies, standing on the actual situations, and targeting domestic and foreign advanced practices.

iv. Part four: Support measures

Relevant measures to ensure the smooth implementation of performance management plan, such as organizational leadership, systemic support, and other related mechanisms.

c. Formulation steps

i. Preliminary research

All localities and agencies shall accurately grasp the strategic requirements of the superior Party committee and government for some time (often five years), research into the status quo in depth, analyze and evaluate the actual performance of work of the localities and agencies, look for the shortcomings, and understand the external environment, policy environment, and the advanced level of foreign counterparts for the implementation of relevant objectives.

ii. Text preparation

All localities and agencies shall formulate performance management plans containing all required content and following the required stylistic rules. Based on the actual situation, the preparation agencies may properly divide the work within the agencies and formulate the plan part by part, which will in the end be integrated into a complete draft of performance management plan.

iii. Solicit opinions

In the process of formulation, the opinions of the public, relevant departments, and experts and scholars shall be solicited extensively, and the alignment and coordination with relevant plans shall also be enhanced. Necessity and feasibility studies shall be organized in advance for major issues or highly specialized issues involving economic

and social development so as to really make the formulation of plans more scientific, rational, and feasible.

iv. Final draft submission

All localities and units will analyze and sort out the opinions of the arguments and solicitations and modify and improve them according to the opinions. After discussion and research, the performance management planning will be finalized and submitted to the performance management organization.

v. Review and approval

Performance management agency conducts preliminary review and panel review of the drafts of performance management plan submitted by the localities and agencies and then returns the draft to the localities and agencies with revision opinions. The localities and agencies revise and improve the draft accordingly and then submit them again to the performance management agency for review and approval. Performance management agency may disclose the drafts of performance management plans, if necessary, within a certain scope, accept public supervision, and then approve those performance management plans without opposing opinions.

vi. Public release

Performance management agency shall publish the approved performance management plans within government agencies in the form of official documents and also to the public through official Web sites of governments and the responsible agencies.

Once the performance management plan is determined, it shall be kept relatively stable and not subject to adjustments. If adjustments are necessary according to changed situations or requirements of superiors, then they shall follow the original submission and approval procedure.

1.5 Hangzhou City's 13th Five-Year Performance Management Overall Plan

In November 2017, *Hangzhou city's 13th five-year performance management overall plan* is released officially after being reviewed and approved by the performance management committee of Hangzhou. The plan is a framework document to guide Hangzhou's performance management work during the 13th five-year plan period and create Hangzhou standards for standardized, refined, specialized, high-quality, and high-performance public governance and government services. It is also the first domestic performance management plan and of pioneering significance. The basic framework and content of the plan have four parts.

Part one lays out the background information. It summarizes the historic development and achievements made in Hangzhou's performance management work and analyzes the new situation and new tasks.

Part two set out the objectives and vision. It lays out the guiding thought, basic principle, and major objectives for Hangzhou's performance management work during the 13th five-year plan period.

Part three is the major objectives, which are stated in six folds. Firstly, highlight strategic direction to promote the realization of major objectives. Prioritize the major objectives defined in the outline of the 13th five-year plan as the primary tasks of performance management, identify the 25 key performance indicators and special key assessment objectives in 12 areas, break down the key performance indicators and special key assessment objectives into quantitative and assessable annual objectives, and identify responsible agencies. In the perspective of performance management, the plan proposes performance management methods and measures to promote the completion of key performance indicators and special key assessment objectives. Secondly, highlight problems to promote the rectification of shortcomings. Define the hotspot and difficult problems not effectively addressed in many years but of many people's utmost concerns in urban construction, urban management, public services and people's livelihood guarantee, efficacy building in agencies, and other areas, identify the responsible agencies, propose six-fold performance management measures, and propose four-fold targeted performance management measures for common performance problems in government administration. Thirdly, highlight innovation to improve innovation capacity in an all-round way. A series of directions (projects) for striving for innovation and excellence is proposed by focusing on the major issues in various areas and the long-term underlying conflicts and problems retraining development during the 13th five-year plan period. Using the performance evaluation for projects striving for innovation and excellence in performance management as a carrier, propose the measure to use government innovation to promote social innovation by setting up regular performance management mechanism to encourage government innovation. Fourthly, highlight the guidance of standards to set an example of modern governance. Special efforts are made to look for the shortcomings in public governance and government services, stay aligned with international standards, and come up with a catalog of performance management standards of Hangzhou characteristics supported by the three sub-systems of public governance, government services, and self-construction and management. Fifthly, highlight inter-departmental coordination and collaboration to enhance the performance management of special projects. Make it clear to strengthen the coordination and collaboration between performance management agency and the responsible agencies, enhance the performance management of key areas, establish performance evaluation system for major plans and major reform projects, carry forward performance evaluation of public policies, intensify financial budget performance management, advance the audit of performance, improve the evaluation of public sectors reform, explore the assessment of the actual performance of public servants, practice law-based governance, and build up performance evaluation. Sixthly, highlight administration by law to carry forward performance management system. It is proposed in the plan to realize the full coverage of government performance management, carry forward performance report system, establish and improve the sharing mechanism of performance management information. Specific measures and requirements are also proposed to safeguard

the dominant role of the public in performance evaluation, implement performance accountability system, and improve and optimize comprehensive assessment and performance management.

Part four is the support measures. In the perspective of supporting the implementation of the plan, it proposes opinions in six areas, which are enhancing organization and leadership, improving work mechanism, innovating technical means, cultivating performance culture, reinforcing team building, and consolidating support funds.

2 Submission of Annual Performance Objectives

Lasting a year, annual performance objectives are short-term planning in performance management and serve the annual key tasks and the strategic performance management plan of an agency. The formulation of performance objectives shall follow the principle of SMART (that is, being specific, measurable, attainable, relevant, and time-bound) and define the five "Ws" of government work, that is, what, why, when, where, and how, by scientifically formulating performance objectives.

2.1 Basis for the Submission of Performance Objectives

a. Performance management plan

Performance management plan fully reflects the economic and social development plan of the region (industry) and fully states the duties of the agencies, identifies the overall objectives and major indicators for the performance management responsible agencies to perform main duties and complete work in the plan cycle, and the methods and measures to complete objectives and work. The performance management plan, approved by performance management agency, is the basic foundation for performance responsible agencies to formulate annual performance objectives and performance management agency to conduct supervision and management.

b. Annual key work of Party committees and governments

Another important basis for the submission of performance objectives is the annual key and central work defined by the important meetings of Party committee and government. According to the annual work highlights approved by the plenary session of the Party committee and the government work report reviewed and approved by the Standing Committee of the people's congress, annual key work objectives are broken down and refined one by one following the requirement of being specific, accountable, and project-oriented. Implementation plan is formulated, relevant responsible departments and people are designated, and the deadline and the requirement are made clear. The content includes the annual key work of Party committee and government, the responsibility letter signed with the superior Party committee,

government or agencies, objective-based responsibility system assessment items, and major annual national economic and social development indicators approved by people's congress.

What's more, the city development and reform commission formulate annually *Key implementation project progress plan*, which services as the main basis for the formulation of construction objectives of key projects. The performance objectives of agencies directly affiliated with city government shall be linked to the financial performance objectives defined by the finance department so as to make sure work performance conform to financial performance.

c. Main duties of the agencies

The implementation of the statutory duties of agencies is the basic foundation for the formulation of functional indicators. Among them, the performance indicators of Party-people relationship and administration agencies shall focus on implementation, services, and support and stress supportive and forward-looking work and the quality and level of administration. The performance indicators of law enforcement and supervision agencies shall focus on justice and efficiency and stress statutory duties and administration by law. The performance indicators of social management and service agencies shall focus on fairness and balance and stress the quality of service and the degree of satisfaction by the people. The performance indicators of business administration agencies shall focus on scientific development and stress work efficient and effectiveness. The performance indicators of State-owned enterprises shall stress undertaking social responsibilities, the level of urban public services, the industrial demonstration role, and the optimization of urban space layout.

d. Catalog of government innovation topics

In order to guide performance responsible agencies to start targeted projects for striving for innovation and excellence, Hangzhou city assessment and evaluation office formulated *Hangzhou city government innovation guide* and released *Government innovation topics catalogue* in 2010 after summarizing the experience of agencies directly affiliated with city government striving for innovation and excellence and of districts and counties (cities) engaging in special innovation in many years, taking in account the requirement of comprehensively advancing five major developments and building innovation-based cities, and collecting the opinions of agencies directly affiliated with city government and relevant experts and scholars. In 2016, *Government innovation topics catalogue* is revised comprehensively, and more than 70 topics are listed in seven areas of economic development, political development, cultural development, social development, ecological civilization development, administration capacity development, and social evaluation opinions to guide various localities and agencies to start innovation by focusing on the central and key work.

2.2 The Subject to Submit and the Submitted Content of Performance Objectives

a. The submission of performance assessment objectives of agencies directly affiliated with city government

The performance indicators of agencies directly affiliated with Hangzhou city government include performance assessment objectives, special objectives, and objectives for striving for innovation and excellence. Among them, performance assessment objectives and objectives for striving for innovation and excellence are submitted by performance responsible agencies, and special objectives are submitted by performance management relevant agencies.

i. The submitted content of performance objectives

Before performance assessment indicators are submitted, performance management agency initializes performance assessment objectives according to annual economic and social development indicators, key tasks of government and performance indicators reflecting the performance of statutory duties and submitted by agencies in the previous years, and distributes preliminarily relevant tasks and indicators through Hangzhou digital assessment and evaluation system to relevant performance responsible agencies. Performance responsible agencies take the initialized tasks as the basis, refine them into specific work objectives and indicators or revise and adjust them into official performance objectives to be submitted according to actual situation and then submit them to performance management agency for review and examination.

The performance assessment objectives of agencies directly affiliated with city government contain the following elements.

(1) Type. According to the indicator system of performance objective assessment of agencies directly affiliated with city government, the performance assessment objectives are divided into two basic types, which are performance indicators and work objectives.
(2) Sub-indicators. Performance indicators are divided into key indicators, functional indicators, and general indicators. The work objectives are divided into key work objectives, inter-departmental coordination objectives, appeal response objectives, and self-construction objectives.
(3) Name of objectives. According to the tasks of work objectives, performance responsible agencies summarize and extract names, which are required to be concise noun or verb-object phrases.
(4) Assessment content and indicators. The quantity, quality, results, and other resultative content are determined in the form of quantitative indicators and qualitative requirements. Functional indicators are required to be able to reflect the performance of duties through efficiency, benefits, effectiveness, and other resultative content.

(5) Performance measurability options. Performance objectives are assessed in two dimensions, which are the degree of completion and the measurability of performance. The degree of completion comparing the actual progress of the objectives (indicators) with the set target value of the objectives (indicators), is reflected by progress, workload and coverage, and the points are given based on the actual progress. The measurability of performance reflects the degree of challenges, the quality of the work, the application of the results and the effectiveness, and the degree of satisfaction in completing the objectives (indicators). The measurability of performance has three types, which are challenging indicators, performance evaluation and commendation and rewards. All of which are assessed separately based on the types submitted by the performance responsible agencies. Challenging indicators means in addition to the basic completion of the objectives, some challenging target value (indicators) are set up according to the economic and social development demand of the entire city and the past work performance. Performance evaluation means those indicators which belong to the work scope of public services and people's livelihood support have explicit and easily perceptible effects and are suitable to be subject to public (those who receive services) satisfaction evaluation may be submitted as performance evaluation objectives. Commendation and rewards mean the comprehensive commendation rewards performance responsible agencies receive from national ministries, provincial Party committee and government, and the separate rewards performance responsible agencies receive reflecting their performance of their main duties.

(6) Indicator attributes. There are binding and expected indicators. Restraining indicators are objectives that must be met with all effort. If they are met, then full points are given. If not, null points are given. Expected indicators are objectives reflecting the will of the Party committee and government and that shall be met as much as possible. Points are given according to the degree of completion.

(7) Time limit for completion. The deadline for the completion of the objectives.

(8) Suggested points. According to the importance of the objectives in the economic and social development of the entire city and in the functional work of the agencies, and the involved workload and the level of difficulties to complete the objectives, suggested points are proposed out of a full score of 100 points. Objectives belonging to the key work of city Party committee and government shall have suggested points of no less than ten.

(9) Basis of the formulation of objectives. In addition to meeting the basic requirement for the submission of performance objectives, the basis shall be stated in details and specifics, including mainly the responsibility letter signed with the superior Party committee, government or agencies, the relevant documents of city Party committee and government, the requirement of the superior authorities, the corresponding indicators (performance) of domestic counterparts, and the actual completed value of the same indicators in the previous three years. Besides, in order to be aligned with financial budget performance objectives,

the basis shall also indicate the relationship between the objectives and the city-level special financial fund support projects.

(10) Assessment method. Different categories of annual objectives are assessed separately. Performance responsible agencies may set up proper assessment method, which will be reviewed and approved by the city assessment and evaluation office (the performance office), according to the implementation progress, importance, and accessibility of objectives. There are four types of assessment method, which are indicator assessment, daily assessment, special evaluation, and annual assessment. Objective assessment takes the data of the daily and annual results collected by relevant agencies and the responsible agencies as the basis and given comparative assessment accordingly. Daily assessment relies on the digital assessment and evaluation system to give monthly and quarterly examination of the progress of key objectives. Special evaluation means special examination of the performance assessment objectives handed down from the assessment and evaluation office. Annual assessment means centralized year-end examination and assessment of some key tasks. The assessment is based on monthly analysis and daily follow-up and monitor and minimizes the number of the objectives subject to year-end centralized examination and assessment. The information about the progress of performance objectives is collected through informatized channels and has real-time data exchanges with Hangzhou digital assessment and evaluation system. On the basis of making sure the authenticity and integrity of the data, the implementation of this objective is no longer subjective to year-end assessment.

ii. The submitted content of objectives for striving for innovation and excellence

The city assessment and evaluation office (the performance office) issues in the first half of each year the notice about submitting annual objectives for striving for innovation and excellence and organizes performance responsible agencies to submit striving for innovation and excellence objectives and well implement the relevant review and project establishment work. According to the principle of voluntary submission, performance responsible agencies fill in the submission table for striving for innovation and excellence projects.

(1) Project name is required to have clear concept and direction and perceptible connotation, extension, and implementation carrier, which is different from the general work arrangement.

(2) Implementation time. The start and ending time of the implementation of the project. The submitted projects may be those that are implemented and completed of the year and participate in performance assessment, and also those that are already implemented, but completed in the submission year and participate in performance assessment.

(3) Project type. The submitted projects are divided into striving for innovation type (A), striving for excellence type (B), and overcoming difficulties type (C). Among them, type A includes original innovation (A1) and inherited innovation (A2); type B includes comprehensive commendation and reward results

(B1) and improving service quality project (B2); type C includes solution of hotspot and difficult issues of economic and social development (C1) and solution of bottlenecks of improving the performance of agencies (C2).

(4) Project area. According to the scope of the project, one of the following nine areas is selected, which are economic development, market supervision, public service, social governance, cultural development, environmental protection, Party building, decision-making services, and performance management.

(5) Responsible agency. Those directly undertaking or in charge of the specific organization and implementation of projects striving for innovation and excellence. They can be the various agencies themselves or the agencies directly affiliated with city government.

(6) Submission method. There are independent submission and joint submission. Agencies may apply for one striving for innovation and excellence project independently or jointly. According to the actual situation, no more than five agencies are allowed to jointly apply for major and highly difficult projects involving many areas and the collaboration between multiple departments, and the lead agency shall be identified. If joint submission is selected, then the major tasks and major innovation points (excellent points and breakthroughs) of the support agencies shall also be elaborated on the submission. The support agencies shall make breakthroughs within their own duties by focusing on the submitted projects.

(7) Source of projects. According to the actual situation, they are from one of the three sources of projects deployed by the superior departments, project required by the city Party committee and government and optional projects, or one of the four sources of annual key reforms tasks, *Government innovation topics catalogue*, social evaluation opinions, and others.

(8) Work scope means the specific duty of the performance responsible agencies involved in projects striving for innovation and excellence. The options include main duties and general technical work. Main duties refer to the main duties as said in the three definitions (the definition of main duties, internal agencies, and manpower) by the commission of public sectors reform. General technical work refers to the work not included in the three definitions, but in the duties of the subsidiary divisions and offices.

(9) Project background and motivation mean the background and motivation for the start of the projects, including the projects status quo at home and abroad, their purposes, and significance.

(10) Main innovation points (excellent points and breakthroughs) mean the major innovation (excellent and breakthrough) points and the clear and precise objectives to be achieved by the projects striving for innovation and excellence. Type A2 projects shall write more about their sustainable and deepened areas, and type B2 projects shall write more about the compatibility, standardization, and optimization level.

(11) Investment means the total amount of investment directly used to organize and implement the projects striving for innovation and excellence, including the research expenses and special operation expenses (actual construction cost).

The research expenses mean the expenses on the research, demonstration, organization and establishment of the projects. They don't include the subsequent special expenses on implementation and operation.

(12) Projected benefits mean those benefits generated in the process of the implementation of the projects or after the implementation, such as economic, social, political, and administrative benefits.

(13) Implementation plan means the relevant organization, guidance, timeline, steps, measures, and methods of the implementation of the projects.

iii. Submission of special objectives

Special objectives include phased key work that has specific annual objectives affecting the entire city and is suitable for quantitative assessment and also the work reflecting the self-construction and the basic performance of duties of the agencies, such as key work objectives, inter-departmental coordination objectives, appeal response objectives, general objectives, and self-construction objectives. The key work objectives promoted vigorously by the city Party committee and government and involving multi-departmental coordination are listed as key special objectives, which will be assigned points. General objectives, appeal response objectives, self-construction objectives, and inter-departmental coordination objectives are listed as general special objectives, which will be assigned points and also graded into different levels. The special objectives are set up and adjusted dynamically according to the annual central work of the city Party committee and government.

Special objectives are submitted by assessment organization agencies, which take the overall responsibility. The submitted content shall include the assessed agencies, the content of the assessment, the requirement of the assessment and scoring standards, assessment method, assessment cycle, and the breakdown of the content of assessment of the year. The opinions of performance management agency shall be solicited first to include any work in the performance management system in relevant document or work deployment. After being approved by performance management agency, the inclusion shall be disclosed to the public within a certain scope.

b. The submission of performance objectives of districts and counties (cities)

The performance objectives of districts and counties (cities) mainly include development indicators, key work objectives, and special innovation objectives. Except for personalized indicators, projects addressing the immediate concerns of the people and special innovation objectives which are submitted independently by the districts and counties (cities), all other objectives are submitted by relevant agencies directly affiliated with city government.

i. Personalized objectives (indicators)

Personalized objectives (indicators) are those established by the districts and counties (cities) in line with the requirement of the city Party committee and government to integrate urban and rural development and the local situation, reflecting local regional advantages, development advantages, and development priorities. The submitted content includes the name, concept, statistical caliber and definition of scope,

source of the data for assessment and responsible agencies, calculation formula, relevant data about the objective (indicator) in the previous three years, as well as taking the previous year as an example, the estimate and calculation method of the objective, the assessed agencies, and the applicable districts and counties (cities). During the submission, personalized objectives shall be presented objectively, comparably, and covering a long term.

ii. Special objectives

Those work objectives that are led by relevant agencies directly affiliated with city government and involve districts and counties (cities), and those phased key work objectives that have definite annual objectives and are suitable for quantitative assessment are special objectives, including some key work objectives and general objectives. The submitted content includes the name of the project, the basic information of the submitting agency, the content of the objective, the annual work objectives of various responsible subjects, the implementation time of the objective and the schedule of the progress, daily management model of the objective, assessment method of the objective, establishment basis of the objective, and specific assessment measures.

iii. Special innovation objectives

Special innovation objectives are the reform and innovation measures that are based on the actual situation of the districts and counties (cities) and that are of local features and worth promotion in areas such as economic development, social management, public service, political democracy, administrative reform, and Party building. The content of the submission of special innovation projects is similar to the content of the submission of striving for innovation and excellence projects of agencies directly affiliated with city government, including the name of the objective, main content, implementation agency, special innovation area, the status quo (domestic and abroad) of relevant work, key issues addressed (innovation points and breakthroughs), projected benefits, main beneficiaries, implementation time, implementation program (plan), and implementation cost.

iv. Requirement for the submission of performance objectives

The submitted performance objectives shall abide by the principle of being necessary, feasible, and effective. Specifically, efforts shall be made in the following three areas.

Firstly, the total number shall be streamlined. The formulation of objectives shall highlight the key tasks defined by the city Party committee and government and reduce the number of general work objectives so as to streamline the number of objectives listed in the assessment. It is specifically required by Hangzhou assessment and evaluation office (the performance office) that when submitting objectives, agencies undertaking more key work objectives (more than eight) may list none of or fewer of the regular functional objectives, agencies undertaking fewer key tasks (less than three—inclusive) may list some regular functional objectives (no more than five in principle), and agencies in-between may list less than a total number of eight key work objectives and regular functional objectives. However, all of the work that is commissioned by the city Party committee and government or that is not included

in the annual objective assessment but part of the agencies three definition (the definition of major duties, internal agencies, and manpower), duties will be assessed. If there is a serious mistake in the work, which receives circular notice of criticism from superiors or is exposed by the media, or a major problem that is reflected in the performance information and verified, then points will be deducted in the special items of performance objectives management.

Secondly, the quantification of indicators. The key indicators and functional indicators in the objective assessment of performance assessment are quantitative indicators and are often required to contain relative data in the form of rate. Work objectives shall be quantified as many as possible. Those that are truly difficult to be quantified shall contain resultative description reflecting the quality and effectiveness of work. Objectives that contain specific projects shall list the specific projects in application. Objectives that contain specific data of indicators shall list the aggregate of the absolute value completed in the previous year, the absolute value of the objective of the year, and growth rate (decline rate). Key engineering projects shall list the quantity of engineering, the progress (key points in the progress), investment, completion deadline, and other assessment indicators.

Thirdly, dynamic adjustment. The application of special objectives shall be conducive to the realization of the strategic objectives of the city Party committee and government, the advancement of the completion of phased key objectives of the city and the self-construction of agencies and improving government performance. Performance management agency shall strictly control the threshold for special objectives and avoid the abuse of special objectives to increase the burden of performance responsible agencies. The total number of special objectives listed in annual comprehensive assessment shall be controlled within 30, and key work defined by Party committee and government in need of special assessment may be handed down additionally. Special objectives are adjusted dynamically with the retention of projects with good implementation results and cancelation of projects with dissatisfying implementation results. Projects are considered to exit automatically if no points are deducted for two years in a row. Moreover, the assessment of special objectives shall have a proper ending time. At present, the longest assessment of the special objectives in the comprehensive assessment of agencies directly affiliated with Hangzhou city government lasts three years. When it expires, performance management agency shall evaluate the implementation of assessment and then decide if or not they will continue to be included in comprehensive assessment.

3 Review and Approval of Annual Performance Objectives

Performance management agency reviews and examines the annual performance objectives item by item, evaluates the work of formulating objectives of various agencies, and hears the opinions from relevant experts, competent authorities, comprehensive departments, and city leaders, if necessary, after the annual performance objectives are submitted by performance responsible agencies according to regula-

tions. If the performance management agency considers some annual performance objectives not aligned with the economic and social development plan of the administrative region or with the duties of the performance responsible agencies, then it shall give feedback to and coordinate with the relevant performance responsible agencies, which will then revise and improve the objectives.

3.1 Review and Examination Standards for Performance Objectives

The essence of the standards for the review and examination of performance objectives is accuracy, integrity, rationality, advancement, and time sensitiveness.

Accuracy: Objectives shall have clear hierarchy, accurate use of words, and be concise. The content and indicators of assessment shall contain specific description of quantity, quality, and effects instead of only description of the process.

Integrity: The application form shall be filled in completely. The objectives shall contain a complete set of specific factors, stay true to facts, combine quantitative analysis with qualitative description as required, and not miss the major tasks of the city Party committee and government, the major duties of the agencies, or relevant attachments.

Rationality: Objectives shall abide by relevant laws and regulations, be closely linked to the major duties of the agencies, and be consistent with the actual demands of work and the requirement of city Party committee, government, the superior counterparts, and other relevant agencies. The objectives shall be operable and feasible with properly highlighted focuses, rational distribution of weights and objectives reflecting the performance of duties by the agencies.

Advancement: The objectives shall be advanced and progressive, aligned with international and domestic advanced peers and compatible with the status and role of Hangzhou's economy and society in the entire country and province.

Time sensitiveness: Objectives shall be submitted in a timely manner.

3.2 The Examination Subject and Procedure of Performance Objectives

The examination of performance objectives includes the internal technical examination within the performance management agency, the consultation of the objectives by relevant agencies and experts of performance management, the release and disclosure to the public, giving feedback to the performance responsible agencies for revision and improvement, and a series of other procedures. The examination subjects consist of the competent government agencies, the public, and relevant experts.

The people-oriented approach is also reflected in the formulation of performance objectives.

a. Technical examination

Performance management agency conducts preliminary examination of the submitted objectives and comes up with opinions for revision and improvement according to the evaluation standard and formulation requirement of performance objectives. Performance responsible agencies shall adjust the objectives according to the opinions for revision and improvement. If necessary, the technical review process can be repeated multiple times until the performance management agency believes they can proceed to the next step.

b. Consultation of and evaluation by objective formulation experts

Based on the technical examination, performance management agency convenes relevant agencies and experts of performance management to conduct panel consultation and evaluation of formulated objectives. The participants are often from the supervision office of the city Party committee, the supervision office of the city government, the city finance bureau, the city audit bureau, and the city commission of public sectors reform besides experts of performance evaluation. In their functional and professional perspective, the participants conduct consultation and evaluation of the performance objectives submitted by the responsible agencies and come up with opinions for revision and supplement. The performance management agency pools and summarizes the consultation opinions and then returns them to performance responsible agencies.

c. Collect public opinions

On the basis of technical examination and consultation and evaluation by objective formulation experts, performance management agency discloses the content of performance assessment objectives (indicators) on Hangzhou assessment and evaluation Web site, the official Web site of Hangzhou government, and the official Web site of the responsible agencies for public opinions, which will be absorbed actively as important references of objective examination.

d. Feedback and adjustment

Performance management agency discusses with performance responsible agencies the opinions for revision and improvement of relevant objectives and collects opinions of city leaders if necessary. The performance responsible agencies revise and supplement the objectives according to the feedback from evaluation.

3.3 The Focus of the Examination of Performance Objectives

The examination of performance objectives is a massive and meticulous task. In the process of examination, in particular before the feedback is verified and confirmed

by the performance responsible agencies, special attention needs to be paid to the following four types of objectives.

a. Work objectives to be submitted additionally

Performance management agency shall focus on examining the application of the performance indicators handed down in the initial stage, in particular those functional indicators reflecting the core duty of the agencies and that can be made permanent. If the performance responsible agencies delete some functional indicators, then performance management agency shall judge if the deletion is rational. There are options of special financial project serial number on the basis of formulation. Performance indicators (corresponding to the projects supported by Hangzhou city-level special financial fund) shall tick a check in front of their corresponding serial numbers, which will serve as a basis to be aligned with financial budget performance indicators to make sure the fund is well spent. Moreover, performance management agency shall screen carefully to see if there are missing specific annual key tasks and work objectives, which are broken down to various responsible agencies. When there is something missing, performance management agency shall urge performance responsible agencies in a timely manner to submit it additionally.

b. Work objectives to be revised and improved

Performance management agency shall focus on the rationality of the content of performance objectives assessment, the accuracy of description, and the quantification level of the indicators. Relevant agencies are required to revise and improve the work objectives if the following situations are found. Firstly, the data of the assessment indicators is noticeably below the average of the actually completed in the previous three years without well-founded reasons. Secondly, the description is too general, not refined or quantified that they are not assessable. Thirdly, the data of the indicators contains only absolute value or relative value (growth) without clear statement of the existing basis of work and the specific workload of the year.

c. Work objectives to be deleted and combined

According to the requirement of the formulation of performance objectives to reduce the number and highlight key areas, general work objectives can be deleted or combined properly, and the scores of objectives can also be adjusted following the principle of being scientific and rational.

d. Performance measurable objectives to be adjusted

Performance management agency shall carefully analyze if the performance measurable objectives, in particular those challenging indicators, submitted by relevant agencies fully reflect that they are breakthroughs and advanced in the entire province and country. Based on the performance of the previous work, challenging indicators shall be better than those of targeted cities, or lead peer domestic cities (ranked among the top three) or see rankings improved significantly (more than three places), and grow remarkably (often no less than 10%) over the best of the previous statistics of the same indicators so as to make sure they are really challenging and advanced.

Major reform objectives shall entail reform results such as reproducible and transferable mechanism and system as challenging content. Agencies undertaking key indicators or the project's part of the economic responsibility system assessment of provinces to cities shall be prevented from avoiding the important and dwelling on the easy by picking other indicators as challenging indicators. Objectives unsuitable for assessment and evaluation items are those not categorized as public service and people's life support work or those whose effects are not explicit or whose services are received by special or imperceptible groups or only a limited number of people. If non-government agencies receive comprehensive commend rewards from national ministries, provincial Party committee and government, or above, or individual rewards reflecting their performance of major duties, they are unsuitable for being listed as commend and reward objectives.

3.4 The Examination of Objectives for Striving for Innovation and Excellence

With mainly internal examination and panel review, performance management agency examines projects applying for striving for innovation and excellence. The panel review examines mainly the application materials submitted by the agencies to see if the projects are aligned with the direction of reform and innovation, the principle of rule of law, and the major duties of the agencies, or if they have definite objectives for striving for innovation and excellence and highlighted innovation areas (excellent areas or breakthroughs), or if the level of innovation or excellence is high, or if the application materials are complete.

The main problems found in the examination of projects applying for striving for innovation and excellence in the past years are as follows. Firstly, the naming of the projects striving for innovation and excellence is not up to standard with vague concepts, obscure directions, or perceivable carriers for innovation. Secondly, the innovation areas (the excellent areas or breakthroughs) are not obvious. General work measures are mistaken as innovation objectives, optimization and improvement measures are absent from projects striving for excellence, and breakthroughs are absent from the key areas and links in projects aiming at overcoming difficult issues. The statement is illogical, and the description of the problems is not clear. Thirdly, the statement of the projected benefits is incomplete and lacks in statistical support for economic, social, and management benefits. Fourthly, the implementation plan is not well targeted or operable with absent organization and leadership, timeline and steps, or methods and measures.

After the panel review, if more than two-thirds of the panelists show consent to the applying project, then it can be established. If a project fails at the panel review for the first time, then relevant agencies may improve or change the project within before required deadline and submit application again. If they fail again, then they are not allowed a third try.

The review and approval of the performance objectives for districts and counties (cities) follow a similar but relatively streamlined procedure compared to those of agencies directly affiliated with city government.

4 Release and Adjustment of Performance Objectives

4.1 The Release of Performance Objectives

Performance assessment objectives submitted by the responsible agencies and special objectives formulated by relevant agencies are handed down to the responsible agencies for performance management in the form of official documents after being reviewed and approved by performance management agency following the set procedure as the basis of the performance assessment of annual objectives. In the meantime, annual performance objectives are released to the public on Hangzhou assessment and evaluation Web site to receive public supervision.

After passing the review of project establishment, the projects applying for striving for innovation and excellence will be permitted to be established if they meet the basic requirements of striving for innovation and excellence, which ask the projects to have the right direction for striving for innovation and excellence, complete set of applying materials, specific and definite objectives, and solidified support measures.

4.2 The Adjustment of Performance Objectives

After being approved and released, performance indicators become the basis of performance assessment and are not subject to arbitrary changes or adjustments. If annual performance objectives need to be adjusted due to the changed macrocosmic situation, adjustment of major government policy or natural disasters, and other force majeure, relevant agencies shall report it to performance management agency for review and approval in the October of the same year. If the adjustment involves the major work objectives defined in the plenary session, executive meeting, the mayor's office meeting, and the special meeting of the city government, then it shall be reported to the city government for approval.

If there are major tasks that are established in the middle of a performance cycle and needed to be included in the annual performance objectives, then performance management agency may hand them down to relevant agencies in the form of additional performance objectives.

Projects apply for striving for innovation and excellence in the first half of the year. If they meet the prescribed conditions, they can make additional applications by the end of September. The additional applicants shall be those recognized by national ministries as pilot programs and the work shall be able to be completed within the

year of application, or those whose work is rewarded with national excellence or a honorary title in the year of assessment, or those selected as national comprehensively advanced collectives in the industry in the year of assessment.

Chapter 6
Performance Monitoring



Performance monitoring is to use performance information to conduct supervision, regulation, and control over the responsible actors' duty fulfillment and objective implementation process and provide early warning when necessary. It is an important procedure in the complete process of performance management and is also an important means to guarantee the achievement of expected goals of performance management.

1 Performance Information Collection

Performance information collection is the evidence collected during performance management for the purpose of performance evaluation, including not only quantitative data such as particular variables like performance index, but also descriptive, qualitative information. Performance management institutions establish standardized collection systems by setting up performance information collection criteria and classifying different types of information so as to form a performance information data set that is comprehensive, authentic, precise, and highly efficient. The Hangzhou municipal government has conducted performance information collection mainly through four channels including performance management institutions, third-party institutions, performance informants, and public service window evaluation.

1.1 Collection by Performance Management Institutions

The performance management institutions rely on information systems to regularly collect information about the progress of different projects of performance responsible units, including specific descriptions about work progress and corresponding account information as well as progress information quantified by the hundred-mark

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system. There are mainly two ways of collection, namely regular information submission and automatic collection by the system.

Regular submission means that performance responsible units would regularly submit information about the degree to which the work objectives are achieved through the performance management information system, including monthly work progress, accumulative work progress, existing problems, next step measures, and corresponding project list and proof of evidence. If the annual objectives have been completed, the responsibility unit may apply for "immediate project closing," that is, when submitting the information that the project is completed, the unit may upload relevant electronic proof of evidence at the same time. If the municipal evaluation office has examined and verified the completion of the project, the same project will not be evaluated again at the end of the year.

After the submitted materials are reviewed by the performance management institution, the results will be published on the websites of the performance management institution and performance responsibility unit for public supervision.

Automatic collection of information by the system means that the performance management institution will be able to directly visit the data set of the performance responsibility in that or the third party (industrial supervising department) through the information system to get access to quantitative data and conduct supervision. By adopting this approach, the performance management institution will not be affected by the performance responsibility and it will be able to obtain objective, authentic, and effective data. For example, for the evaluation indicator, "the natural growth rate of the population should be controlled under 6.8, birthrate should be controlled under 80,000," the performance management institution may get access to the number of the monthly newborn babies of different districts of the city and the annual cumulative number of newborn babies from the information system of the Municipal Population and Family Planning Commission, so as to keep on top of the work progress toward the particular goal.

1.2 Collection by the Third Party

Information collection by the third party means that the government will procure the services of a non-interested third party to provide information monitoring and information collection and to establish non-biased and objective performance information collection channels. The collected data is mainly media and public opinion information that is related to the performance objectives, including the social evaluation of and reactions to the performance responsibility unit's duty fulfillment situation, media reports about the particular projects, government performance management practices of other areas, and the tracking of special events.

The performance management institution will review and screen the information collected by the third party, classify the valid information, and share the information through the information system with the responsible units in real time. For example, if the information is relevant to the annual performance objective, it will be used

as a reference for annual evaluation or decisions for rectification; if the information falls in the scope of responsibility of the particular unit or it cannot be connected to the annual performance objective, it will still be used by the whole organization to improve performance. On that basis, the information collected in different periods of time will also be classified and analyzed, being compiled into monthly public opinion reports and special reports on different topics in order to provide a reference for day-to-day performance communication and progress tracking.

The information collected by third parties may enable the performance management institution to stay on top of the work progress of the responsible units in an objective manner, effectively monitor the popular social events and problems, timely remind the responsible units to pay attention to public opinion, address relevant problems and respond to public demands, and improve public satisfaction. If certain problems are repeatedly reported by the media but have failed to be addressed by the responsibility unit, the score of the said responsibility unit will be deducted.

1.3 Collection by Performance Informants

Performance informants are responsible for collecting public opinion and social situation, as well as observing and collecting information about the work progress of performance responsible units in achieving annual objectives and fulfilling duties. Information collection is mainly conducted around four focal points: first, collect information about the yearly important projects of the municipal government and municipal Party Committee; second, collect information about the performance of responsible units according to the specific responsibilities, annual work objectives and tasks, public evaluation and suggestions, and the tracking of addressing identified problems; third, organize and compile relevant information after reviewing and verifying the materials submitted by performance responsible units on measures adopted to rectify problems and corresponding improvement; fourth, collect relevant information about the society and the public opinion according to hot topics and social problems in certain periods of time.

There are two ways in which an informant may collect information: independent collection and subject-oriented collection. Independent collection means that the performance informant would, on the basis of a good understanding about the performance responsibility unit's work duties and annual objectives, collect broad information about public evaluation of suggestions and recommendations for the responsibility unit through field research, participatory observation, visits, and interviews. The purpose is to timely identify problems before they get serious and provide first-hand materials for performance management; subject-oriented collection means that the municipal evaluation office would first decide the subject on which information needs to be collected and then organize performance informants to collect such information before a certain deadline.

Case 1: Performance information on burden alleviation for communities Since 2009, the Hangzhou municipality has been one of the first cities in China to integrate the functions of community Party organizations, neighborhood committees and community public service workstations. Such a new mechanism for community management has played a positive role in effectively connecting public services and people's self-governance and contributed to the positive interaction between the government and the society. However, since 2013, the public evaluation component of the comprehensive evaluation has shown that many members of the public have suggested that the community offices have assumed too many responsibilities and maintaining too many different accounts, calling for stricter community access and substantial "burden alleviation" for communities.

In this context, the municipal evaluation office decided to collect information around the subject of "community burden alleviation" and sent performance informants to the field of communities in major districts of the Hangzhou municipality to collect relevant social situation and public opinion. The collected information was then compiled into a special report with the title "Communities Face Heavy Burdens that Need Urgent Alleviation." The Report pointed out that in many cases, one community office had to serve many functions, strive to meet many evaluation criteria, maintain many information network platforms and accounts, and face a lot of red tape and the problem of inconsistent and uncoordinated management of human resources, finance, and logistics. The Report also proposed targeted and feasible policy recommendations.

The Report drew the attention of the municipal leaders. The then Mayor Mr. Zhang Hongming instructed that "communities are the foundation of state power and the first and most important window to serve the people. Solutions should be provided to address the problems mentioned in this Report, and a municipal level meeting on community work should be held. The proposed solutions and plans should be submitted for debriefing to the municipal Party Standing Committee." The Municipal Party Committee and municipal government then issued the "Circular on Thoroughly Addressing 'Too Many Plates for One Community (village) Office' and Other Problems," putting forward several specific and clear policies to alleviate community burdens. Further, the meeting on the building of harmonious communities and alleviating community burdens was held on August 26, 2014, which promised to further alleviate burdens and improve efficiency for communities, substantially reduce the burdens on neighborhood committees, and shift the focus of evaluation from work files to the improvement of public satisfaction.

1.4 Collections Through Public Service Windows

Collections through public service windows mean that information will be collected on the degree of satisfaction of citizens who receive public services through public service windows over service quality and civil servants' attitudes, etc. Specifically, evaluators are installed at the administrative reviewing and public service windows, and those who receive public services would be requested to evaluate the service when it is completed. The service evaluation follows the principle of "Five Ones": one set

of evaluation criteria, one standard of data processing, one acceptance criteria for evaluators, evaluation data will be released at one time, and one standard for service evaluation and inspection.

Performance management institutions will establish service evaluation data center to collect real-time data from public service windows and conduct pooled analysis. A mechanism of monthly report of public service window evaluation data has been established to publish figures such as the number of public service windows, number of cases completed at different windows and the usage rates of evaluators. Publishing the public service window evaluation data every month serves the following purposes: first, achieving effective monitoring of the level of satisfaction for public service windows; second, timely identifying systematic failures to effectively prevent data loss; third, effectively communicating with authorities responsible for the public service windows and providing data analysis as well as policy recommendations for better and targeted service provision.

2 Real-Time Tracking of Performance Objectives

Real-time tracking of performance objectives is the main method of performance monitoring, which is achieved through performance scorecards, monthly report and day-to-day performance communication.

2.1 Performance Scorecards

Performance scorecards are a way to demonstrate the degree to which performance evaluation objectives are achieved on the performance management Institute's website. It consists of factors such as the responsible unit, responsible persons, objective type, objective name, evaluation indicator explanation, nature of the indicator, and duration of the project (month). Clicking "see progress" will lead you to a webpage that shows progress of the month, comparisons with previous months and cumulative progress. Documents that detail milestones of the particular project, checklists, the website address of the responsible unit as well as the unit's functions are also attached to that webpage (Fig. 1).

Apart from publishing the real-time degrees to which the responsible units have achieved their evaluation objectives in the form of scorecards on the "Hangzhou Evaluation" website, since 2016, the municipal evaluation office has required responsible units to place the work progress on the headlines of their own websites for public oversight.

The scorecards have served as the platform for performance information monitoring, as the performance management institutions may stay on top of the work progress of different units in a timely manner and urge those units that are behind schedule to address problems, improve efficiency and accelerate progress; on the

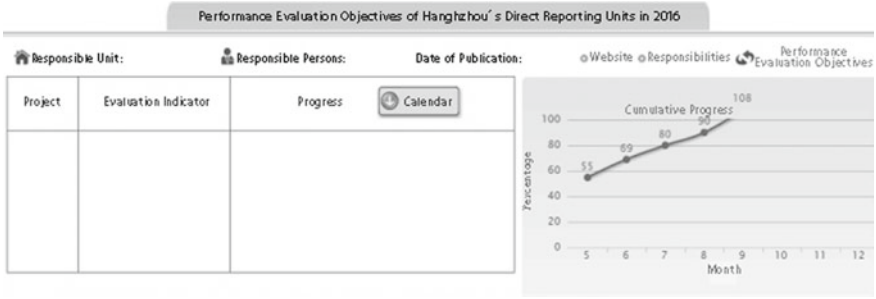


Fig. 1 Performance scorecard webpage

other hand, the scorecards have also expanded the channels for public participation, contributed to more open and transparent performance management, and facilitated performance management institutions to utilize public oversight to verify performance information.

2.2 Monthly Report

Monthly report means to release the work progress of responsible units in completing the major tasks and socioeconomic development goals set by the municipal Party Committee and municipal government via the "Briefing on Comprehensive Evaluation and Performance Management of Hangzhou Municipality."

The monthly reports of districts and counties (cities) mainly include the progress toward economic goals as well as the degree of completion of some major projects. For example, the monthly reports in 2016 covered indicators such as GDP growth rates, growth rates of additive value of industries above state designated size, growth rates of added value of the service industry, growth rates of export, growth rates of general public budgets, growth rates of per capita disposable income of urban and rural residents, etc. The reports also cover progress of major projects designated by the Municipal Party Committee and municipal government, including the expansion of effective investment, the inspection of major projects, projects involving profit oriented land in downtown areas, further opening up of the economy, further opening up of the economy, water treatment projects, housing demolition and relocation ma development of small and micro-businesses, solid waste treatment, service for the aged and food safety. The reports included figures on monthly and cumulative progress as well as year on year comparisons.

Such monthly reports have enabled vertical and horizontal comparisons and analysis of the work of different districts and counties (cities). Vertical comparison means to review the monthly and annual progress of different projects so as to timely identify the projects that are lagging behind as well as find targeted solutions; at the same time, horizontal comparison enables relevant units to identify their own problems

and strengthen their sense of responsibility, so as to promote the culture of learning from each other and seeking new approaches to improve performance.

2.3 Day-to-Day Performance Communication

Day-to-day performance communication means that performance management institutions would communicate with responsible units about existing problems with reference to collected performance information and closely follow how the problems are being addressed so as to make sure the responsible units would complete all the annual tasks and achieve good performance.

The day-to-day performance communication is mainly carried out via the "Performance Notification." The municipal evaluation office would identify problems that have appeared repeatedly in public complaints and notify the responsible units through the "Performance Notification." That responsible units then would conduct investigation and rectification regarding these problems and respond to the municipal evaluation office and the general public on how the problems are addressed when necessary. The "Performance Notification" is compiled based on the information from special performance evaluation reports, information collected by performance informants, and media information collected by third parties. Each "Performance Notification" addresses one type of problems, but may involve several responsible units. Such notifications may cover problems in the areas of people's livelihoods and social security, business services, urban management, and other issues that draw social attention. One "Notification" may involve a number of departments. For example, the performance notification on business innovation and development services issued in 2016 involved seven responsible units including the Municipal Commerce Commission (Municipal Food Bureau, Cross-border E-commerce Comprehensive Pilot Office), Municipal Finance Office, Hangzhou Economic Development Zone Management Committee, Hangzhou Customs, Hangzhou Inspection and Quarantine Bureau, Municipal Internal Revenue Service, and Municipal Postal Administration. This particular "Notification" was compiled on the basis of information from the "Work Performance Evaluation Report on Service for Cross-border E-commerce Industrial Innovation and Development of Hangzhou," which identified problems such as insufficient information on tax receipts, incomplete packs management workflow, insufficient interdepartmental communication and coordination, the need to improve the finance and taxation professional level of employees who work at the service windows, slow response to clients' questions, the need to add more storage space, the need to give full play to the role of the B2B demonstration parks and 020 experience parks and improve and innovate the human resources work and training systems at the parks, etc. Responding to the "Notification," the seven responsible units formulated plans to address problems according to their respective responsibilities. As a tool for day-to-day performance communication, the "Performance Notification" may convey performance information in a comprehensive,

timely, and precise manner so as to facilitate the responsible units to identify their respective problems and have them addressed.

Apart from the "Performance Notification", another important way to conduct day-to-day performance communication is to convey public opinion on performance information through the "Digital Evaluation." Information such as subjects that are repeatedly brought up in public complaints and high-quality recommendations may be passed on to responsible units through multiple channels such as connecting to the work targets, connecting to the responsible units, issuing "Performance Notification" or "Performance Improvement Instruction," reminding messages sent by relevant office, and incorporating information in the "Public Opinion and Performance Information" briefing. Based on actual problems, requirements and feedback may also be raised.

3 Supervision and Monitoring Over Performance Objectives

a. Supervision on major projects

Supervision on major projects means to conduct inspection and examination over major policy decision deployment and tasks in order to strengthen the overall synergy and ensure the implementation and completion of the important decision deployment in the major tasks set up by the Party Committee and government. On the basis of several years' practice, the following mechanisms of major projects supervision have been formed:

A Municipal Supervision Leading Small Group was established with the team leader being the Member or the Secretary-General of the Municipal Party Standing Committee, deputy leader being the Municipal Government Vice Secretary-General, and team members being people in charge of relevant affairs in the General Office of the Municipal Party Committee, general office of the municipal government, municipal disciplinary committee (supervisory bureau, municipal evaluation office, etc.). The Leading Small Group is responsible for the organization and the coordination of the supervisory work of the Party Committee and government as well as researching and identifying of major work problems. An office under the Leading Small Group was established at the municipal supervision office to run the day-to-day affairs of the Leading Small Group. A joint conference system for the supervision of work on major decision deployment and tasks set up by the Municipal Party Committee and municipal government has been established under the Leading Small Group to review the supervision reports. Members of the joint conference system include the General Office of the Municipal Party Committee, general office of the municipal government, municipal disciplinary commission (supervisory bureau), and municipal evaluation office. The responsible official with the General Office of the Municipal Party Committee serves as the first convener and the responsible official with the general office of the municipal government serves as the second convener.

b. Integration mechanism

Several supervisory teams have been established according to different tasks and requirements. Generally, every supervisory team has one team leader and two to four team members. The teams may also invite members of the society such as deputies to the People's Congress, deputies to the Party Congress, CPPCC (Chinese People's Political Consultative Conference) members, members of the media, and trade ethos supervisors. Member units of the joint conference would designate special supervisory liaisons to be in charge of the day-to-day communication with the supervisory teams

c. Supervision implementation mechanism

The municipal government departments may apply to the Municipal Party Committee Work Supervision Leading Small Group to conduct supervision and inspection on specific work projects in the name of the Municipal Party Committee and municipal government. Applications may usually be made before the end of February of every year and may be made any time throughout the year if the case is special. The application would be reviewed first by the joint conference and then submitted to the Leading Small Group for approval. The supervision plan would be first drafted by the department that submits application and then submitted to the supervision offices of the Municipal Party Committee and municipal government for review and approval. The supervision teams then would hold meetings with all the team members for specific work arrangements. The supervision and inspection would be conducted through various means including random checks, observing publicly, investigating privately, on-site checks and special investigations to have a thorough understanding of the situation, identify problems and the root causes, and collect comprehensive information about the degrees to which government objectives have been completed. When necessary, the Municipal Statistics Bureau will be tasked to conduct public opinion surveys, and media organizations may be invited to participate in the joint supervision and inspection when it is deemed fit. The specific means will be determined by the joint conference based on the actual situation.

d. The reporting and notification mechanism

Reporting and notification may take the forms of collective information notification, situation notification, and results application. After collecting information through supervision and inspection, the supervision teams will gather the information and form suggestions in a timely manner. The general supervision report will be first drafted by the relevant departments based on the supervision teams' suggestions, the departments' own grasp of the actual situation, and suggestions from the joint supervision units and then submitted for review to the Municipal Party Committee supervision office, municipal government supervision office or joint conference, followed by submission to the Municipal Party Committee and municipal government. The results of the supervision and inspection will be circulated among certain departments. Those units and individuals who have excelled in performance will be publicly recognized, while those who have not done the job will be publicly shamed

and urged to make corrections. Those found to have made serious mistakes may be further investigated by competent authorities such as the disciplinary organizations. The supervision and inspection results will be an important component in the performance evaluation of all units on different government levels (district, county, city, and the municipal government) as well as the grassroots Party organizations. They will also form important reference for government performance evaluation of different areas and departments as well as the work ethics and capabilities of individual carders.

e. Interview mechanism

The municipal government has established the interview mechanism for the implementation progress of important decisions and deployments: The municipal General Office would send written invitations to interviewees, and then the major municipal government leaders would lead members of the municipal government and heads of responsible authorities to conduct the interview, or alternatively the municipal government would authorize municipal government leaders with specific duties to conduct the interview on behalf of the municipal government. The interviewee is expected to explain about the existing problems objectively and give an account of the rectification objectives, measures, and time frame; the municipal government leaders would conduct analyses of the set problems and put forward specific rectification requirements. The fact that the interview has taken place as well as the rectification measures and effects would be incorporated into the comprehensive performance evaluation.

3.1 Midterm Evaluation

Midterm evaluation is an important measure for performance supervision, which may enable supervisors to identify problems and promote task completion.

a. The scope and content of midterm evaluation

Midterm evaluation would be conducted on performance goals, special projects, and the goals set on the basis of public opinion.

It consists of "four checks", namely checks on responsibilities, progresses, methods, and performance. The check on responsibilities would be focused on whether the present tasks have been divided and designated to responsible departments and individuals; the check on progresses would be to inspect whether the progress has been made and whether the quality up to standard according to plan and assess of the probabilities of goals being achieved on time; the check on methods means to inspect whether the supporting services and appropriate working methods for task completion have been duly provided; the check on performance means to inspect whether the expected outcome and effects have been achieved and come up with objective analysis.

Midterm evaluation is led by the municipal evaluation committee and participated by the Municipal Party Committee supervision office, municipal government

supervision office, efficiency supervision office of the Municipal Disciplinary Committee (Supervisory Bureau), municipal Bureau finance, units for the evaluation of key projects, municipal performance evaluation center, and some performance informants and trade ethos supervisors. Several inspection and evaluation groups are formed by members from the above-mentioned organizations to conduct both self-evaluation and random checks. According to the annual performance goals, such groups are divided into special projects evaluation groups, unannounced investigation groups, evaluation groups, etc. The Municipal Bureau of Finance also needs to participate in the analysis and evaluation in the later periods of the evaluation.

b. Evaluation methods

Midterm evaluation is conducted through a mixture of self-evaluation and random checks while self-evaluation is the main method. The evaluators may conduct on-site checks, pay visits to enterprises and members of the general public, hold focus groups with members of the society who are supposed to receive public services, recent reports of different units on the progress of key projects, and conduct examination and evaluation of special projects. Each round of midterm evaluation has three stages: self-evaluation, random checks, and summary and analysis.

The first important method is self-evaluation, which includes checking the progresses of different projects, clarifying the major approaches taken and existing problems as well as planning for the next step of work. The self-evaluation reports must be clear, concise, and identifying specific problems. The responsible units must also submit specific lists of items or materials of proof that support the reports. As to tasks relating to the problems raised by the society, the self-evaluation report must specify the particular measures taken to address the problems, the progress in problem-solving, problems that still exist and next step plans; as to key projects that are the joint responsibility of multiple departments, it falls on the unit that organizes the evaluation to provide the midterm performance self-evaluation report, which must include project progress, the situation of day-to-day examination and evaluation, existing problems and analysis as well as future plans.

Second, random checks: The municipal evaluation office organizes evaluation groups to conduct on-site inspections of certain units, where they would listen to special reports, examining the archive files, conducting unannounced investigations and evaluations, etc. The purpose of random checks is to "identify existing problems and the root causes, promote performance improvement and facilitate the completion of goals." Random checks are conducted by three groups of evaluators: special projects group, unannounced investigation group, and evaluation group.

The special projects group selects key projects for inspection according to the self-evaluation materials and the needs of performance management and conducts on-site inspections. Specifically, it collects information about the work progress of the inspected units, holds special meetings to listen to work reports, randomly checks the electric archive files submitted by the inspected units, and goes to the field to check the actual progress.

The unannounced investigation group conducts unannounced inspections and investigations on key projects and issues that have been the focus of attention of

the media over the society. The group is expected to study relevant information and organize Party representatives, NPC deputies, CPPCC members, performance informants, and trade ethos supervisors to conduct unannounced investigations in order to have an objective understanding of the work progress and identify relevant problems.

The evaluation group conducts performance evaluation through survey research, in-depth interviews, customer experience, and other methods over high-profile and influential key projects.

Lastly, summaries and analysis: Different inspection groups would submit written inspection reports, and performance management authorities conduct summaries and analysis over the situation of self-evaluation in the random checks.

c. Evaluation results application

Performance management authorities analyze the results of self-evaluation and random checks and produce annual midterm reports. The results of self-evaluation, projects evaluation, and random checks are regarded as a reference to the objective process management. At the same time, performance management authorities are expected to submit special reports to the Municipal Party Committee and municipal government.

The performance responsible units would then carefully study the midterm evaluation reports produced by the government performance management authorities and carry out targeted measures according to actual situation in the field. Specifically, the responsible units must clarify as soon as possible the responsibilities that are identified as a vague; take measures to accelerate the pace of work if the work progress lags behind schedule; carefully analyze the root causes of existing inefficiencies and address problems; and actively make efforts and strengthen coordination to overcome difficulties encountered during work in order to ensure timely and successful completion of the annual work objectives and tasks.

Midterm evaluation enables performance responsible units to identify existing problems, stick to work plans, innovate on work methods, improve performance management mechanisms, pay more attention to the actual effect of relevant tasks, take seriously external benefits such as public satisfaction and in turn constantly improved work performance.

3.2 Special Evaluation on Key Projects

Special evaluation on key projects is mainly conducted over tasks and projects that are attached great importance by the Municipal Party Committee and municipal government as well as those that are the focus of social attention and directly affect people's livelihoods. The evaluation is usually conducted through survey research, participatory observation, and in-depth interviews in order to have a multidimensional understanding about the merits, insufficiencies, and degrees of public recognition of certain projects. Analysis will also be conducted to identify the root causes of existing

problems, provide policy recommendations, generate special evaluation reports, and achieve performance improvement.

a. Projects selection

A preliminary list of key projects would first be generated with reference to the annual evaluation objectives of responsible units, and the list would then be published through the Wechat public accounts "Hangzhou Evaluation Network" and "Hangzhou Efficiency" and government portals "Hangzhou of China" and "Hangzhou Network" for feedbacks from performance evaluation experts, performance informants, and the general public on which projects should be selected for special evaluation and evaluation index. A final list of projects for special evaluation would then be decided. In 2016, the selected projects include: two major projects concerning the services and security for the G20 summit (orderly management of key districts, optimization of the services and management in scenic areas), three key projects on important reform tasks (services for innovative development of cross-border e-commerce industries; policies to facilitate healthy development of real economy; innovation and improvement of urban villages) and one project aimed at bringing tangible benefits to the people (construction and scientific usage of more parking lots).

b. Projects evaluation

Special evaluation of key projects emphasizes detailed evaluation and accurate evaluation results. Evaluators are expected to apply detailed evaluation index, identify service groups, and use data collected from different sources so as to achieve the dual purposes of objectively reflecting work performance and promoting work improvement. Take the evaluation over "wastewater treatment and flood prevention," a project launched in 2015, for example. Fifteen surveys were designed with reference to the project task and areas covered by the project in recent years and 1800 survey samples were collected; 14 field investigation outlines were produced, and 65 field inspections were conducted to cover river management, sewer interception, urban sewage pipe network laying, shut down of enterprises that did not meet environmental standards, urban and rural drinking water quality, and installation of water saving devices.

For some projects, two rounds of performance data collection would be conducted according to the characteristics of the said projects. To comprehensively reflect the actual performance and identify the root causes of problems, representative and typical interviewees and inspected fields would be selected from the data collected in the first round for a more in-depth second-round investigation to extract valuable information to promote problem-solving, optimizing work methods and improving performance.

c. Results application

Special performance evaluators would produce evaluation reports, conduct quantitative and qualitative analysis of the evaluation results and identify existing problems, provide policy recommendations, and maintain active communication with responsible units. Responsible units would receive "performance improvement notification" on problems and weak links identified in the evaluation and be required to address the problems within a certain period of time, followed by inspections that making sure that problems are actually solved. For projects that are particularly important, the responsible units are required to submit problem-oriented, concise, and practical "special report" to municipal government leaders to serve as a reference for decision making. In recent years, such "special reports" are usually directly reviewed and responded by municipal government leaders and followed up jointly by multiple departments, leading to substantial and effective performance improvement.

In summary, special evaluation on key projects, as one of the approaches of performance supervision and tracking, conducts evaluation over socially influential projects, identifies and tracks problems, and provides directions to responsible units on performance improvement.

d. Tracking, supervision, and handling of social evaluation

The tasks of responding to social evaluation are divided into three types according to the nature of problems, namely tasks identified by the municipal evaluation office aimed at addressing problems raised by the society, tasks to address key problems, and tasks to address general problems. The municipal evaluation office would study social evaluation and public opinion in recent years and identify their repeatedly raised and highly visible problems to come up with a list of 15–20 tasks aimed at addressing the above-mentioned problems. The municipal evaluation office would also take note that selected tasks need to be feasible. After the tasks are decided, the Office would follow closely on the completion of such tasks and hold special meetings in order to make sure the problems are actually solved.

To form synergy and ensure effective work, a joint work mechanism has been established in which the municipal evaluation office, responsible units, and performance informants would all participate in forming workgroups led by representatives from the three sides. Specifically, the representative from the municipal evaluation office would be responsible for work arrangements and coordination; the representative from the responsible units would be responsible for the implementation of the tasks within the unit and maintain effective communication with the municipal evaluation office and performance informants; the representative of performance informants needs to collect information about work progress and existing problems, provide suggestions as to how to address the problems and participate in the supervision and special evaluation organized by the municipal evaluation office.

The responsible units would be required to follow the principle of openness and transparency and submit reports about the progress of addressing problems in a timely manner; they also required to invite performance informants to participate in focus groups, work meetings, and field inspections to notify performance evaluation

authorities, listen to feedbacks, and promote rectification and reform. Performance informants conduct field investigation and collect feedback from members of the general public as well as information from the media and submit the performance information to the municipal evaluation office for compilation. The compiled reports would then be circulated back to the responsible units and the reference for performance improvement. The municipal evaluation office has set up a special platform on the "Hangzhou Evaluation Network" website to help responsible units select public opinion from the cyberspace and strengthen exchanges and interactions with the netizens. During that rectification and reform, the municipal evaluation office would organize targeted inspections, unannounced inspections, or special investigations to help responsible units identify shortcomings and analyze problems so that joint efforts can be made to address the problems and promote the implementation of rectification measures. At the end of each year, representatives from relevant departments and performance informants would be invited to attend work meetings dream which responsible units would make reports about the situation of rectification and reform and receive questions and comments. The rectification and reform situation also needs to pass the on-site special inspections as well as receive evaluation from members of the society who are directly affected by the relevant public service.

In recent years, the Hangzhou government has effectively addressed a number of outstanding social problems and substantially improved working efficiency by tracking social evaluation on the solution of certain problems and making sure they get addressed.

4 Digital Evaluation

"Digital evaluation" means to establish a platform for comprehensive evaluation and performance management with modern information technology. It may significantly improve the organization operation efficiency of comprehensive evaluation and performance management as well as greatly improve the credibility and effectiveness of evaluation results and therefore is regarded as an important instrument to break the borders between different departments and bureaucratic hierarchies and create a flat, efficient, and scientific performance management system, and when necessary guarantee for comprehensive evaluation and performance management to shift from extensive management to intensive management.

4.1 The Major Functions and Characteristics of the Hangzhou Digital Evaluation System

The Hangzhou evaluation office, right after its establishment, started to develop the "Digital evaluation" system. The "Digital evaluation" system incorporates various

functions of comprehensive evaluation and performance management, daily office work, and web portal. The principal of developing the System is to "follow unified plan, implement in a step-by-step manner, prioritize according to the urgency of different cases and take efficiency seriously." The System is built upon Hangzhou's unified E-government network platform with the objectives of resource sharing, real-time tracking, quantified evaluation and overall management, and the core functions of information integration, efficiency improvement, and management promotion.

a. Basic functions

1. Data collection

Comprehensive evaluation and performance management need to be supported by a large amount of data, including important decisions made by the municipal Party Committee and municipal government, major work objectives and progress of different districts and departments, social evaluation and the situation of rectification and reform, and performance information about daily work. There are several channels through which data may be collected: First, the "Digital evaluation" system directly connects to the business management systems of relevant units to automatically collect real-time information; second, responsible units are required to directly fill out standardized forms or upload relevant attachments; third, invite a third party to provide needed information through the System's standard interface. Collected data includes materials of various formats such as digital files, webpages, audio and video files, etc. The System also has the function of data review, data organization, and data analysis and application.

2. Statistical analysis

The "Digital evaluation" system has enabled the Hangzhou municipal government to strengthen quantified evaluation in comprehensive evaluation performance management to conduct detailed and precise statistical analysis with the collected data. Apart from providing regular statistical functions, the System is also equipped with self-defined reporting instruments that may produce different kinds of report forms and statements according to the users' needs. It also supports export of the produced report forms and statements. Moreover, the System also has the functions of data digging and data analysis that enable the analysis and comparisons of historical data to provide a basis for analysis on regularities or trends.

3. Early warning

The System may be used to track and supervise the situation of task completion and report submission of different departments. Once irregularities are detected, the early warning function may be triggered and warnings will be sent through the office system, e-mails, or text messages.

4. Information service

The System may provide timely information about the key work objectives of the whole city and different departments, existing problems, and other relevant aspects to the Municipal Party Committee, municipal government, and relevant authorities so as to provide references for government decision making and performance management.

5. Interactions and exchanges

After the "Digital evaluation" system collects relevant data on work objectives of departments directly under the municipal government, key projects of rectification and reform according to social evaluation and project progress, the data will be reviewed to make sure no confidential information will be released; then, the data will be made public through the "Hangzhou Evaluation Network" and "Performance Hangzhou" websites for public comments from the netizens and other residents. Such practices have effectively addressed the problem of information symmetry and established a cyber platform for citizens' orderly participation in politics. Public opinions and feedback would be directly incorporated in the business modules "of the Digital evaluation" system, forming an integrated mechanism of "accepting cases through the Internet-handling cases within the intranet-providing feedback through the Internet."

6. Custom-made services

"Digital evaluation" is a system that covers the whole city and involves multiple users including the Municipal Party Committee, municipal government, municipal evaluation office, departments directly under the municipal government, and district and county-level evaluation offices. As different users have different roles in the system, they have different priorities and need different models of the "Digital evaluation" system. Therefore, the System provides custom-made information portals for different users so that the application may be more effective.

b. Main characteristics

1. Covers the whole process of performance management

The "Digital evaluation" system covers the whole process of performance management and all the aspects of comprehensive evaluation. The submission, review, assignment, supervision and evaluation of objectives and the organization, categorization, assignment, undertaking, and evaluation of social feedbacks are all digitally conducted. The System automatically tracks all the revisions in every procedure, providing a complete and substantive work report for comprehensive evaluation and supervision.

2. A new cyber evaluation platform

One of the highlights and characteristics of the comprehensive evaluation system of Hangzhou is innovative ways of performance evaluation. A wide range of experts are invited to participate in remote evaluation through the digital intelligent evaluation platform that is able to demonstrate visual representations of all sorts of materials submitted by performance responsible units. When it comes to on-site comprehensive evaluation, experts may use special evaluation models to grade the performance of responsible units through digital devices and immediately generate evaluation results. Such an evaluation process is free of hassle and highly efficient. As an important extension to social evaluation, digital social evaluation means to send targeted invitations to members of the society based on analyses of user data from communications

operators, and those who accept invitations would provide feedbacks through computers or cell phones. This approach has significantly widened the social sectors that engage in social evaluation.

3. Achieve quasi-quantification of evaluation results

In recent years, Hangzhou's comprehensive evaluation system has undergone adjustments and improvements of the index system and methodologies, with more emphasis being placed on quantified evaluation. For example, the "Digital evaluation" system may reflect in percentage points the degrees toward task completion of relevant projects in real time so that competent officials and departments may keep on top of the work progress anytime; during annual evaluation, all the procedures of self-evaluation, preliminary evaluation, case review, and final evaluation are all conducted through the "Digital evaluation" system; as to certain annual evaluation data, the System will need no human intervention and may automatically generate the final results according to preset formula and algorithm using the pre-verified basic data so as to ensure the accuracy and objectivity of the evaluation results; the System is also capable of conducting horizontal and vertical comparative analyses of historical data and generating visual representations such as tables and the figures.

4. Closer exchanges among relevant departments

As the whole process of performance management requires timely and effective communication and exchanges among different departments, the "Digital evaluation" system takes advantage of the Internet to set up a real-time communication platform to provide the performance management authorities and responsible units with communication tools that are not restricted by time and space. Compared with oral communication, the communication conducted via the "Digital evaluation" system leaves a track record for future references; on the have hand, compared with written communication, communication through the System may cut the red tape and therefore is more convenient and efficient.

5. Information resource sharing is an inherent requirement for informatization.

In the development and application of the "Digital evaluation" system, attention has been paid to the needs of not only the evaluation office itself but also other government functions based on the decibels of resource sharing and avoiding repeated development. Therefore, the "Digital evaluation" system may be open access when necessary. For example, if the responsible units of certain key projects and tasks already incorporated in comprehensive evaluation and performance management have already set up information-based systems, the "Digital evaluation" system may be directly applied after some technological adjustments. In this way, both development costs and workload may be reduced. Moreover, the data collected and saved in the "Digital evaluation" system may be made available to relevant departments if it is necessary.

4.2 Application of Digital Evaluation in Performance Supervision

a. Refine the performance supervision process and strengthen control in performance management

Efforts are made to design standardized work procedures and digital forms to clarify work standards to strengthen control over that links in the performance management process and achieve real-time tracking and supervision of various work objectives. Specifically, if obvious problems regarding implementation progress undetected, the System will automatically send warnings and reminders to relevant contacts of responsible units through the office system or text messages. Information about implementation progress, existing problems, and the needs to make adjustments may be made available anytime to competent authorities. The System will conduct data organization and compilation so that relevant authorities may control the overall situation of the city in a comprehensive, immediate, and accurate way so that the timeliness, effectiveness, and accuracy of performance management may be improved and work objectives achieved on time and up to standard.

b. Build a platform for public participation and transparency of performance supervision

In order to enable members of the society to better participate in the process of comprehensive evaluation and performance management, a platform for public participation has been established with the "Digital evaluation" system as the backstage supporting system and the Wechat public accounts "Hangzhou Evaluation Network" and "Performance Hangzhou" as well as the "Performance Hangzhou" website as the front stage application system. Information such as different departments' annual performance evaluation objectives and key rectification and reform objectives according to social evaluations and the implementation are published in a timely manner on the application systems for public supervision and comments in a bid to promote the transparency of the performance management process and the credibility of comprehensive evaluation.

c. Provide a communication platform for better synergy between evaluation authorities and responsible units

The relationship between the performance management authorities and performance responsible units is a new type of cooperation. The two sides are expected to make joint efforts to promote local social economic development and government performance. The forming of synergy not only requires scientific performance management concepts and methodologies, but also needs sound and smooth communication channels established in the day-to-day work. In the process of performance supervision, the "Digital evaluation" system may keep a credible track of relevant projects, enable performance management authorities to timely communicate with responsible units about the work progress, help responsible units identify problems and achieve rectification, and strengthen coordination among different departments. Performance

responsible units but also take advantage of the System to report about difficulties or problems encountered during work, receive support, keep the evaluation authorities posted about the situation of rectification reform, and make sure that progress will be made constantly. To a large extent, the "Digital evaluation" system has facilitated the formation of synergy between the performance management authorities and the responsible units.

d. Establish comprehensive information, facilitate government decision making and departments performance improvement

During the performance supervision, the "home evaluation" system has collected information about the work progress of key projects of the municipal government and different departments, the rectification and reform concerning hotspot issues repeatedly raised by the society and data about the level of satisfaction with the public service windows. Such basic data may comprehensively reflect the work progress of different projects of the whole city and provide visual representation of the data analysis for comprehensive analysis of trends and patterns. Therefore, the application of "Digital evaluation" in performance supervision may enable evaluators to collect and control first-hand information about relevant work progress of particular departments and provide real-time and substantive materials as well as basic services to governments at different levels and supporting authorities for decision making and performance improvement.

Chapter 7
Performance Evaluation



Performance evaluation is a systematic and periodic process that assesses the different dimensions of an organization's performance objectively, independently, and accurately in relation to certain criteria set by the appraiser. As an important tool for government performance management, performance evaluation plays a key role in increasing efficiency of public service, enhancing government accountability, standardizing administration, and improving government credibility. Since 2005, Hangzhou has conducted comprehensive performance evaluation on the districts, counties, and departments directly under the municipal government during which the effective approach to performance evaluation is explored and experimented. The chapter gives a full introduction of the basic methods used in the annual performance evaluation on the districts, counties, and departments directly under the municipal government in Hangzhou.

1 Objective Evaluation

1.1 Organization and Implementation

As a key element of performance evaluation, objective evaluation follows the pre-established procedures and steps. Evaluation is organized in different ways and methods according to the type of objective.

a. How to organize

Year-end objective evaluation is organized in different ways according to the type of objective. For the departments directly under the municipal government, there are three types of objectives—performance objective, special performance objective, and innovation and excellence objective.

First, performance objective evaluation. In performance evaluation, differentiated inspection is conducted based on the "preview" mechanism. The municipal evalu-

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ation office previews the reports and documents describing progress in fulfilling monthly objectives submitted by departments directly under the municipal government. Then, differentiated year-end inspection is performed according to the result of preview. The well-founded and explicit performance objectives are exempt from year-end inspection, the well-founded but less explicit performance objectives are subject to year-end inspection as needed and on-site inspection is performed on ill-founded and implicit performance objectives.

The municipal evaluation office organizes several evaluation groups to assess and examine the performance of government departments. The time frame of evaluation on each of the departments varies according to the actual situation. In performance objective evaluation, routine assessment is conducted to collect the basic information including progress in fulfillment of performance objective as of year-end, implementation process and outcomes from fulfillment of performance objective. The four steps of performance objective evaluation are performance analysis and report, inspection and verification, performance assessment, and comprehensive assessment. The municipal evaluation office conducts a separate evaluation on programs that benefit the people directly and recommendations of the public for rectification.

Second, special objective evaluation, which is conducted in the way defined by the evaluation organizer in the beginning of the year. Special objective evaluation is mainly based on the routine evaluation which is complemented, as needed, by centralized evaluation organized by the municipal evaluation office. But centralized evaluation is only performed on the specific activities when needed, and not included in the other activities of the evaluation groups. The evaluation result will be reported to the municipal evaluation office within the stipulated time.

Third, innovation and excellence project evaluation. After examining the truthfulness and completeness of verification application documents, the municipal evaluation office will organize two rounds of performance evaluation—the first is professional evaluation and the second is comprehensive evaluation.

Year-end evaluation on the districts and counties is organized in a different way from that on the departments directly under the municipal government. The forms of evaluations on the districts:

First, development indicator evaluation, which assesses the main development indicators. The municipal evaluation office will calculate the data provided by the municipal statistics bureau and other competent authorities.

Second, work objective evaluation, which looks at the fulfillment of key objectives set by the municipal evaluation office. The evaluation is organized by the municipal evaluation office who mainly considers work reporting, statistics, and spot check result. When evaluation results can be ascertained, no year-end evaluation will be conducted, or otherwise the appraisee will apply to the municipal evaluation office to get the approval to participate in the citywide year-end evaluation organized by the office in the end of the year.

Third, innovation objective evaluation. The evaluation consists of verification and performance evaluation and considers if the districts and counties have fulfilled the innovation objectives effectively and efficiently as described in the application documents, if the innovations are effective and if the application documents are true,

accurate, and complete. The municipal evaluation office conducts verification and work objective evaluation at the same time. Performance evaluation is performed by the expert panel formed by the municipal evaluation office.

Fourth, comprehensive reassessment of award-winning activity on the districts and counties, which includes fulfillment of objectives, incentive and disincentive and performance analysis of award-winning activity. The reassessment and year-end inspection will take place at the same time.

b. Procedures and Stages

Year-end objective evaluation has three stages—preparation, implementation, and ascertainment.



Take for example objective evaluation on the departments directly under the municipal government.

First, preparation. In the stage, the municipal evaluation office devises the work plan and implementation scheme for the annual performance objective evaluation, issues notice on evaluation, and organizes relevant training. Two types of training are provided to the departments directly under the municipal government—performance objective management training and special objective evaluation training. In addition, the departments directly under the municipal government make plan for the year-end objective evaluation. Performance objective management training is about the self-assessment on the fulfillment of annual performance evaluation objectives, and application and verification of innovation and excellence projects; and special objective evaluation training centers around the overall planning for special objective evaluation, coordination among the various year-end inspections, and standardization of evaluation management.

Second, implementation. The five steps to implement the year-end evaluation on the departments directly under the municipal government are self-evaluation, inspection, feedback, publication, and review.

i. Self-evaluation. The departments directly under the municipal government will fill out *Self-evaluation Report* downloaded from the "Digital Evaluation" system of Hangzhou to specify their progress in fulfillment of performance objectives. If the quantifiable evaluation indicators in performance objectives are relevant to any specific tasks performed by the departments, the departments should provide the checklists of the tasks so that the public can get informed. Depending on

the quantity and variety of tasks, the checklists can either list the details of each of the tasks or categorize the information of the tasks by type and level. After collecting and organizing the data, the municipal evaluation office will publish the information on the fulfillment of performance objectives on the Internet (www.hangzhou.gov.cn, www.hzkpb.gov.cn and the official Web sites of the appraised departments) so as to enhance public scrutiny and strengthen the pertinence and efficacy of the evaluation. Upon publication, the feedbacks from the public will be obtained and considered in performance objective evaluation.

ii. Inspection. The municipal evaluation office will send an inspection team to listen to the reports by appraisees, check their accounts, hold discussions with them, and perform on-site inspections. Then, the inspection team presents its recommendations to the appraisees. The inspection team consists of municipal evaluation officers, liaison officers of different departments, performance information officers, and officers of the departments on which special objective evaluation is performed. When the inspection is carried out, the municipal evaluation office will hire a third party to check if the activities of the departments directly under the municipal government are in line with what has been described in their evaluation applications. In the process of inspection, the inspection team will also look at the fulfillment of innovation objectives and verify the truthfulness, accuracy, and completeness of application documents. The inspection usually takes place in January each year and lasts about 20 days. In principle, the inspection on one department will be no more than half a day. After debriefing, account checking and discussion, the inspection team will fill out *Registration Form for Inspection on Departments Directly under the Municipal Government* and *Form for Inspection on Fulfillment of Performance Objectives*.

iii. Feedback. The municipal evaluation office will summarize the results of evaluation on performance objective, special objective, innovation and excellence objective and present its recommendations thereupon to the appraisees. If the appraisees disagree, they are allowed to apply to the municipal evaluation office for review within the stipulated time.

iv. Publication. Based on the self-evaluation and classified inspections, the municipal evaluation office will organize the information on the fulfillment of performance evaluation objectives and innovation and excellence objectives and publish them on www.hangzhou.gov.cn and www.hzkpb.gov.cn. The information will remain public for ten working days with the aim to enhance public scrutiny and strengthen the pertinence and efficacy of the evaluation.

v. Review. According to the feedbacks of the appraisees and the public after publication, the municipal evaluation office will review and confirm the results of performance objective and special objective evaluations.

Third, ascertainment. In the stage, the municipal evaluation office itemizes the results of evaluation. The results of performance objective evaluation will be scored by the municipal evaluation office, and the results of management by special objective evaluation will be scored by the appraisees themselves according to *Regulation on Management of Special Objectives in Comprehensive Evaluation on the Departments*

Directly under Hangzhou Municipal Government who will then submit the scores to the municipal evaluation office for approval.

1.2 Data Collection

Objective evaluation is mostly a quantitative process, which means that all the quantifiable indicators must be quantified, and the non-quantifiable indicators must be described in a straightforward way. Therefore, the data source and statistical methods are essential for objective evaluation.

In the annual objective evaluation, the districts, counties, and departments directly under the municipal government will collect and report their data on the fulfillment of objectives (indicators) and analytics of performance. In order to ensure the accuracy, truthfulness, and completeness of the data, the municipal evaluation office will ask them to provide the data certified by their superior authorities, the statistical authority or qualified third parties. The municipal evaluation office will further review carefully the data submitted by the appraisees. When it comes to the data on development indicators, the office would mainly review the data reported by the statistical authority or the main appraisee among all the departments directly under the municipal government.

a. Collection of Data on Development Indicators

The data on development indicators should be collected and provided by relevant departments directly under the municipal government. For instance, data on growth of general government budget revenue should be provided by the municipal finance bureau and statistical bureau; data on sound and balanced educational development by the municipal educational bureau; and data on the proportion of hi-tech industry in the total industrial output by the municipal technological committee. Furthermore, the results of evaluation on the work objectives of the districts and counties (including key work objectives and general work objectives), leadership development and anti-corruption campaign and the events that trigger veto (including anti-corruption campaign, public security governance, energy efficiency, emission reduction, and safe production) are submitted to the municipal evaluation office by competent authorities.

In the implementation of year-end comprehensive evaluation, the municipal evaluation office will issue a notice that asks the relevant departments directly under the municipal government to provide their data relating to the indicators including absolute value, increase in absolute value, share or ratio, growth rate, scoring, and description. The data must be true, accurate and collected in a coherent manner. If penalty is imposed, a list should be attached to the evaluation result to elaborate on the reason.

b. Review of Score and Data

The scores and data of the main appraisees among the districts and counties must be true and effective. There are three steps to review the scores and data—preliminary review, feedback to the districts and counties and review. After the preliminary review (including multi-source verification, verification against the results of evaluation conducted by the provincial government on the municipal government, and verification against historical data), the municipal evaluation office informs the appraisees of their scores in the form of *Notification on the Preliminary Results of Objective Evaluation on the Districts and Counties*, which includes their scores of work objectives, innovation and excellence objectives and development indicators. In case of disagreement, the districts and counties are allowed to present their dissent to the municipal evaluation office in written form. Then, the municipal evaluation office will reexamine and confirm the effectiveness of the scores according to their feedbacks.

1.3 Ascertainment of Evaluation Result

a. Ascertainment of Evaluation Result of the Departments Directly under the Municipal Government

Objective evaluation is based on the daily management and mainly considers the fulfillment of tasks and objectives by the year-end, implementation of the objectives and performance in the pursuit of the objectives. Moreover, the feedbacks from the general public in social evaluation will also be considered in the evaluation and scoring of each of the indicators.

i. Performance Objectives

1. Binding indicators. Only when all the objectives are fulfilled in accordance with the quality criteria, the full score is given; or otherwise, a score of 0 is given.
2. Anticipatory indicators. With the quality criteria being met, a full score is given if all the work objectives are fulfilled; if not all the work objectives are fulfilled, the marks are given according to the proportion (actual proportion minus 10%) of the fulfillment. No mark is given if nothing is done to achieve the objective. If there are quality problems, the marks are given according to the share (actual share minus 40–60%) of the activities that have met the quality criteria. If considerable loss arises from the quality problem, the appraisee will be criticized and no score is given.
3. Objectives for performance measurement. The indicator is assessed in terms of fulfillment and performance measurement. Fulfillment is assessed against how much is fulfilled; and performance measurement is assessed in three dimensions—challenging objective, award, and performance assessment. Among them, the data on challenging indicator must be certified by the superior authority, statistic authority or a qualified third party. Full marks are given when the challenging

objectives are fulfilled, and otherwise no mark is given. The achievement of award should be evidenced by the documents or other proof issued by the superior authority. Performance assessment is scored according to the assessment result and no score is given if other indicators to be appraised.

4. If the indicators to be appraised are related to the provincial evaluation indicators set by Zhejiang provincial government for the 11 municipalities and by the departments directly under the provincial government for the municipalities, the scores of the appraisees are calculated in accordance with *Implementation Scheme to Enhance the Supervision and Evaluation on Economic Work in Hangzhou* issued by the General Office of Hangzhou Municipal Party Committee and government. If the objectives to be appraised also fall under the category of work for public welfare, the evaluation will be conducted according to *Methods for the Municipal Government to Appraise the Work for Public Welfare*, and the municipal evaluation office will not repeat the evaluation.
5. Objectives to which the appraisees apply for modification. The stipulations on modifications to the objectives are: no modification to the objectives and indicators that have been officially defined is permitted except in exceptional circumstances; if the objectives need to be modified due to force majeure event including national policy, provincial policy, municipal policy, and natural disaster, the appraisees shall submit sufficient evidence to the municipal evaluation office in a timely manner. The municipal evaluation office will deal with it as follows: if these indicators and objectives only take effect with the explicit consent of the Municipal Party Committee and government and have to be modified due to the change of municipal policy, such modifications will not result in penalty; if the appraisees modify these indicators and objectives on their own initiative, no penalty will be imposed on the objective but there will be a penalty in the evaluation of performance management objective according to *Regulations on Performance Objective Management Evaluation*.

ii. Special Objectives

Evaluation results of special objectives are ascertained in the way agreed by the municipal evaluation office. Evaluation results should be submitted to the municipal evaluation office within the stipulated time and will be included in the annual comprehensive evaluation upon the approval of the municipal evaluation office.

Ascertainment of evaluation results of innovation and excellence objectives is explained in Sect. 4 of the chapter.

a. Ascertainment of Evaluation Results of the Districts and Counties

The full score of objective evaluation consists of the score of development indicator evaluation and that of work objective evaluation. The score of development indicator evaluation is calculated in the means of power function, in which development indicators and contribution indicators are weighted; and the results of work objective evaluation are ascertained and scored one by one.

i. Development Indicators

After data collection, the municipal evaluation office will calculate the statistics on development indicators with the methods of efficacy coefficient, scoring rate, and planned value (see Table 1).

A refers to the method of efficacy coefficient:

The method is based on multi-objective programming in which each of the appraised indicators corresponds to the standard value under a category and grade. Then, the standard value is converted into measurable score through efficacy coefficient. Score = indicator weight × (60% + efficacy coefficient × 40%). Efficacy coefficient = (composite index value of an indicator in an area in the year—the minimum of the composite index values of an indicator among all the areas in the year)/(the maximum of the composite index values of an indicator among all the areas in the year—the minimum of the composite index values of an indicator among all the areas in the year).

Composite index is calculated as follows:

A1. Composite index = (value of the indicators in an area in the year/standard value of the indicators in an area) × 50% + [absolute value of the indicators in an area in the year/the average of the six old districts or the six districts and counties in the year] × 50%.

A2. Composite index = (value of the indicators in an area in the year/standard value of the indicators in an area) × 50% + [increase in absolute value of the indicators in an area in the year/increase in the absolute value of the six old districts or the six districts and counties in the year] × 50%.

A3. Composite index = (value of the indicators in an area in the year/standard value of the indicators in an area) × 50% + [value of the indicators in an area in the year/value of the indicators in the city or the six districts and counties in the year] × 50%.

A4. Composite index = (value of the indicators in an area in the year/standard value of the indicators in an area) × 50% + [1- absolute value of the indicators in an area in the year/absolute value of the indicators in the six old districts or the six districts and counties in the year] × 50%.

The weighted average in the previous three years, the weighted average in the previous two years or the standard value during the same period in the previous year is used to calculate the standard value of the indicators in an area. The calculation formula of the weighted average in the previous three years is S1 × 50% + S2 × 30% + S3 × 20% and that of the weighted average in the previous two years is S1 × 60% + S2 × 40% (S1 is the value of the first year, S2 the second year, and S3 the third year). In the calculation method of A3, reciprocal is used to calculate reverse indicator. The average value, increase in the absolute value, and indicator value are provided directly by the main appraisees.

Based on efficacy coefficient, development indicator and contribution indicator are calculated. Then, the two indicators are added up to get the score in comprehensive evaluation, and each indicator carries a weight of 50%. The calculation method is not only easy and simple but also fully expressive of the development levels

Table 1 Calculation methods and data sources of the districts and counties in Hangzhou

Dimension	Indicator	Property	Calculation method	Data source	Scoring
Economic development	1.1 Growth rate of local GDP per capita ★	Forward	A1	Municipal Statistics Bureau	3(0)
	1.2 Growth rate of local GDP ▲	Forward	A2	Municipal Statistics Bureau	3(0)
	1.3 Growth rate of per capita general government budget revenue ★	Forward	A1	Municipal Finance Bureau Municipal Statistics Bureau	5(0)
	1.4 Growth rate of general government budget revenue ▲	Forward	A2	Municipal Finance Bureau Municipal Statistics Bureau	5(0)
	1.5 Growth rate of the value added in agriculture, forestry, husbandry, and fishery ★	Forward	A2	Municipal Statistics Bureau	2(0)
	1.6 Growth rate of the value added in large-scale industrial activity ★	Forward	A2	Municipal Statistics Bureau	4(6)
	1.7 Growth rate of the value added in service industry ▲	Forward	A2	Municipal Statistics Bureau	6(0)
	1.8 Growth rate of the value added in smart industry	Forward	C2	Municipal Office of Leading Group for Development of Information Technology and Smart Economy Municipal Statistics Bureau	4

(continued)

Table 1 (continued)

Dimension	Indicator	Property	Calculation method	Data source	Scoring
	1.9 Integration of informatization and industrialization	Forward	C1	Municipal Office of Leading Group for Development of Information Technology and Smart Economy Municipal Statistics Bureau	3
	1.10 Growth rate of disposable income of urban residents ★	Forward	A1	Municipal Statistics Bureau	2(0)
	1.11 Growth rate of disposable income of rural residents ★	Forward	A1	Municipal Statistics Bureau	2(0)
	1.12 Growth rate of total retail sales of consumer goods	Forward	A2	Municipal Statistics Bureau	6(4/3)
	1.13 Consumer price index (CPI) ★	Reverse	A3	Municipal Statistics Bureau	2(0)
	1.14 Growth rate of total export	Forward	A2	Municipal Statistics Bureau	4
	1.15 Growth rate of investment in industrial technological upgrading ★	Forward	A2	Municipal Statistics Bureau	2(0)
Social management and public services	2.1 Public security and order index	Forward	C1	Municipal Public Security Bureau	4(3)
	2.2 Composite safe production index	Forward	C1	Municipal Safety Supervision Bureau	3

(continued)

Table 1 (continued)

Dimension	Indicator	Property	Calculation method	Data source	Scoring
	2.3 Petition environment index	Forward	C1	Municipal Petition Bureau	3
	2.4 Composite law-based government index	Forward	C1	Municipal Legal Affairs Office Municipal Court	7
	2.5 Quality and balanced education development index	Forward	C1	Municipal Education Bureau	3
	2.6 Employment and entrepreneurship index	Forward	C1	Municipal Human Resources and Social Security Bureau	3
	2.7 Natural disaster prevention and safety index	Forward	C1	Municipal Meteorological Bureau Municipal Land Resources Bureau Municipal Forestry and Water Bureau Municipal Urban Management Commission	0
	2.8 Success rate of solving urban management issues with digital tools	Forward	C1	Municipal Urban Management Commission	3(2)
Development potential	3.1 R&D (scientific research and experimental development) spending as share of GDP	Forward	A3	Municipal Statistics Bureau	4(3)
	3.2 Talent development index	Forward	C1	Municipal Talents Office	4(3)

(continued)

Table 1 (continued)

Dimension	Indicator	Property	Calculation method	Data source	Scoring
	3.3 Number of licensed patents per ten thousand inventions	Forward	A1	Municipal Science and Technology Commission	3(2)
	3.4 Reduction in energy consumption per ten thousand yuan of GDP ★	Forward	A4	Municipal Statistics Bureau	3(0)
	3.5 Reduction in electricity consumption per ten thousand yuan of GDP ▲	Forward	A4	Municipal Statistics Bureau	4(0)
	3.6 Proportion of hi-tech industry in total industrial production	Forward	C1	Municipal Science and Technology Commission	3
	3.7 Composite construction land use efficiency index of an area	Forward	A4	Municipal Land Resources Bureau Municipal Statistics Bureau	4
	3.8 Debt ratio of local government	Forward	C1	Municipal Finance Bureau	2
	3.9 Composite environmental quality index	Forward	C1	Municipal Environmental Protection Bureau	9(10)
Individualized indicators	4.1 Individualized indicators of districts and counties	Forward	C1	Municipal Statistics Bureau, etc.	10

Notes

1. The indicators marked with ▲ are applicable to the six old districts—Shangcheng, Xiachang, Jianggan, Gongshu, Xihu, and Hangzhou Hi-tech Development Zone (Binjiang)
2. The indicators marked with ★ are applicable to the following six districts and counties—Xiaoshan, Yuhang, Fuyang, Tonglu County, Jiande, and Linan
3. "Natural Disaster Prevention and Safety Index" is a reverse indicator, and when scores are deducted, the deducted score is converted into the scoring of development indicator on a scale of 0–4

(*Source* Hangzhou Municipal Comprehensive Evaluation Office, by December 2016)

and differences among the different areas, which gives equal importance to growth rate and overall scale and helps avoid the problems arising from radix method and apportionment method. In order to reduce deviation from the evaluation against a single standard, efficacy coefficient sets the score range of appraised indicators and calculates the score of an indicator according to the position of an indicator's actual value in the standard range, which is not only in line with the multi-tiered evaluation criteria in government performance evaluation but also able to reduce error even when the differences among the indicator values are relatively huge so as to represent and assess government performance in an accurate and unbiased way.

B refers to the calculation method of planned value

A is the preset planned value and B is indicator value.

B1. (1) B∈[A, 1], full marks are given; (2) B∈[0, A), calculation formula: score = indicator weight × [1 − (A − B)/A].

B2. (1) B∈[0, A], full marks are given; (2) B∈(A, 2A], calculation formula: score = indicator weight × [1 − (B − A)/A]; (3) B > 2A, 0 mark is given.

C refers to the calculation method of scoring rate

C1. Score = Scoring Rate × Indicator Weight

C2. Score = 90 × proportion of fulfillment + 10 × A/B. A is the proportion of fulfilled objectives that exceed the predefined scope in a district or county; B is the maximum proportion of fulfilled objectives that exceed the predefined scope in a district or county (90 marks are given if all the objectives in the predefined scope are fulfilled, appraisees whose fulfilled objectives exceed the predefined scope at the maximum extent are given 10 extra marks and other appraisees are given extra marks according to the proportion of fulfilled objectives that exceed the predefined scope).

ii. Work Objectives

Evaluation results of work objectives are scored one by one.

Quantifiable work objectives are scored according to the proportion of fulfilled objectives. Non-quantifiable work objectives are scored according to five criteria: The full score is given if an objective is fulfilled in accordance with quality standards; no score is given if an objective fails to be fulfilled in accordance with quality standards or the failure leads to major loss; a score of 80% is given if an objective is mostly fulfilled; a score of 60% is given if more than half of an objective is fulfilled; a score of 40% is given if a small party of an objective is fulfilled.

The objectives described in letter of liability among the key objectives, leadership development, and anti-corruption campaign objectives among the general objectives are appraised in accordance with the relevant measures and regulations issued in the beginning of a year.

Feedbacks in social evaluation include three parts—fulfillment of rectification, satisfaction of rectification, and basic work requirements, whose weights are 50, 30, and 20% respectively in scoring.

2 Social Evaluation

Since 2013, social evaluation on the departments directly under the municipal government has included comprehensive social evaluation and special social evaluation, which is scored on a scale of 1–50 (with a 50% weight in comprehensive evaluation on the departments directly under the municipal government). Among them, when a department only participates in comprehensive social evaluation, its total score in social evaluation equates to its score in comprehensive social evaluation; whereas when a department participates in both comprehensive social evaluation and special social evaluation, its total score in social evaluation = score of comprehensive social evaluation + score of special social evaluation, and the maximum score of social evaluation is 20.

2.1 Comprehensive Social Evaluation on Departments Directly Under the Municipal Government

Designed to assess the overall satisfaction about the performance and way of work of departments directly under the municipal government in a year, comprehensive social evaluation is organized by the municipal evaluation office and participated by all sectors of society to solicit feedbacks from evaluation representatives on appraisees.

a. Main Participants in Comprehensive Social Evaluation

There are mainly nine types of representatives (respondents) in comprehensive social evaluation: representatives of Municipal Party Committee, representatives of Municipal Party Committee, representatives of district and county leadership, representatives of offices and divisions in district and county governments, representatives of social organizations (including neighborhood committee, industrial association, and private non-corporate organization), representatives of social scrutiny (including representatives of retired government officials, experts, scholars, departments directly under the provincial government, the press, performance information officers, and reviewers of urban development), representatives of companies, and representatives of citizens (including urban residents, migrant workers, and rural residents). The sample size of citizen representatives is 6000, that of migrant worker representatives 1000, that of urban resident representatives 1000, and that of corporate representatives 2000. The total sample size of all the nine types is 12,000. Except company and citizen representatives, the other types of representatives are chosen using the method of random sampling and 70% of the eligible individuals will be selected as representatives.

See Table 2 to learn about the weights of the nine types of representatives in comprehensive social evaluation on government organizations.

Since 2015, online social evaluation system (or Internet + social evaluation) has been put in place in Hangzhou. Online social evaluation system uses random

Table 2 Weights of the nine types in comprehensive social evaluation on departments directly under Hangzhou Municipal Government

Type of government organization	Type of representative			
	Government organizations that mainly provide social services	Government organizations that provide a lot of social services	Government organizations that provide fewer social services	Government organization responsible for Party affairs and affairs related to the mass
	Weight			
1. Municipal Party Committee (%)	30	30	36	36
2. Municipal People's Congress (%)				
3. Municipal People's Political Consultative Conference (%)				
4. District and County Leadership (%)	8	8	11	11
5. Leadership of District and County Offices, Committees, and Divisions (%)	8	8	8	9
6. Social Organizations (including neighborhood committee, industrial association, and private non-corporate organization) (%)	8	8	8	9

(continued)

Table 2 (continued)

Type of government organization	Type of representative			
	Government organizations that mainly provide social services	Government organizations that provide a lot of social services	Government organizations that provide fewer social services	Government organization responsible for Party affairs and affairs related to the mass
	Weight			
7. Social Scrutiny (including retired government officials, experts, scholars, departments directly under the provincial government, the press, performance information officers, and reviewers of urban development) (%)	9	9	9	9
8. Companies (%)	12	12	8	6
9. Citizens (including urban residents, migrant workers, and rural residents) (%)	25	25	20	20
Total (%)	100	100	100	100

(*Source* Notice on the implementation of annual comprehensive evaluation in 2016 issued by the general office of Hangzhou Municipal Party Committee and Municipal Government on December 6, 2016, Decree No. 70)

sampling to select participants from mobile phone users of different regions and age groups. The sample size is determined by the population size in the city. The chosen participants are able to engage in comprehensive evaluation via their mobile phones or PCs to present their comments and advice on the performance and way of work of the departments directly under the municipal government.

Specific Methods:

1. User data screening. According to the size of urban population calculated by the municipal statistics bureau, the mobile phone users are screened and categorized by region and age.
2. Confirmation of the willingness of the chosen users. SMS messages are sent to the chosen mobile phone users to ask if they agree to participate in the evaluation (forwarded message is invalid.).
3. Determination of the sample size. The municipal evaluation office will include all the users who agree to participate on the white list of the online social evaluation system.
4. Trigger of online evaluation. During the social evaluation, the representatives who are on the white list will receive SMS notifications. The representatives can click the link in the message (or open the link on the computer) to log in the online social evaluation system. While logging in the system, the representatives will be asked to enter their mobile phone numbers to receive SMS messages for identity verification in order to prevent identity theft and fraud.
5. Details of online evaluation. In online social evaluation, information of appraiser, criteria, and metrics is equivalent to the social evaluation form. In addition, appraisers can also access and comment on the duties and achievements of appraisees.
6. Requirements of evaluation quality. Representatives are able to assess the appraisees and present their comments and advice in the questionnaire. If the number of appraisees is less than 10, evaluation form shall not be submitted.
7. Incentive measures. As numerous appraisees and criteria are involved in evaluation, incentives are provided to encourage participants to engage in evaluation, present advice, and make comments. Subscription fees (or data) are given for free to those who complete satisfaction questionnaires and present high-quality advice and comments.
8. Application of result. Results of online evaluation will be included in the results of evaluation by citizen representatives.

b. Organization and Implementation of Comprehensive Social Evaluation

First, preparation. Before the start of social evaluation, numerous preparations are needed including evaluation form designing and sample size determination. According to the relevant requirements, the departments directly under the municipal government should write a summary of their main duties (around 200 words). At the same time, they should write a summary of their main achievements in the year (no more than 500 words) which describes their main functions, key tasks assigned by Municipal Party Committee and government as well as prominent and notable

achievements in promoting public benefits, public services, and social governance. After being signed by the leaders, the summaries will be stamped and submitted to the municipal evaluation office who will include them in *Manual on Main Duties and Achievements of Departments Directly under Hangzhou Municipal Government*. When these preparations are completed, the Municipal Party Committee and government will hold a preparatory meeting participated by the leadership of the thirteen districts and counties, the leadership of the departments directly under the municipal government, surveyors of social evaluation, citizen representatives, and the media in the province. In the prep meeting, a full planning for the annual evaluation will be presented, and the municipal leadership will address the audience on the annual evaluation. In addition, the municipal evaluation office will present the implementation plan for the evaluation on the districts, counties, and departments directly under the municipal government.

Second, implementation. According to the implementation plan for annual comprehensive evaluation, the municipal evaluation office will ask the competent authority responsible for urban survey to send social evaluation forms to citizen representatives, corporate representatives and representatives of industrial associations. As for other types of representatives, competent authorities will send the social evaluation forms to them within the stipulated time. *Manual on Main Duties and Achievements of Departments Directly under Hangzhou Municipal Government* will be given to the respondents together with the evaluation forms. The social evaluation forms should be given to the representatives at least one day in advance so that the representatives have enough time to read through the main duties and achievements of the appraisees and assess them deliberately and objectively. When the evaluation forms are completed, the representatives are required to seal the documents as required and return them to the authority responsible for urban survey in the same way as how the forms are given. In order to expand the channels to participate in social evaluation, online social evaluation will be activated at the same time. In the meanwhile, a hotline will be set up for the public to get information and make complaints.

Third, data collection and calculation. When the evaluation forms are given back to the organization responsible for urban survey, a third party will be hired to calculate and organize the collected data without interference from any other interested parties. The whole process of data collection and calculation (from opening of sealed forms to confirmation of calculation results) will be overseen by the discipline inspection authority and legalized by a notary. At the same time, the municipal evaluation office will categorize and analyze the comments and advice collected in the annual social evaluation and produce an annual report on the feedbacks.

c. Calculation of Comprehensive Social Evaluation Results

There are four steps to calculate the results.

Step One: calculate how many of the nine types of representatives are satisfied, relatively satisfied, basically satisfied, hardly satisfied, and dissatisfied about the appraised departments: satisfaction rate = the vote of satisfaction/(the total vote—abstentions).

The equations of other satisfaction rates are the same.

Step Two: the average satisfaction rate, average relative satisfaction rate, average basic satisfaction rate, average bare satisfaction rate, and average dissatisfaction rate are weighted: average satisfaction rate = $\sum$ (satisfaction rate of a group × weight of the group) × 100%.

The equations for the other four rates are formed in the same way.

Step Three: calculate the scores of the appraisees—namely, evaluation score = average satisfaction rate × 100 + average relative satisfaction rate × 80 + average basic satisfaction rate × 60 + average bare satisfaction rate × 40 + average dissatisfaction rate × 0.

Step Four: calculate the scores of the appraisees in the annual social evaluation, namely, comprehensive social evaluation score = evaluation score × evaluation coefficient.

2.2 Special Social Evaluation on Departments Directly Under the Municipal Government

Special social evaluation is designed to encourage appraisees to undertake key tasks assigned by Municipal Party Committee and government. The tasks assigned to the appraisees are appraised one by one, in particular the prominent tasks planned by the Municipal Party Committee and government to promote public welfare. Evaluation coefficient is set to score the performance of relevant departments. Since 2013, special social evaluation has been put in place. The scope of special social evaluation varies from one year to another. For instance, the scope of special social evaluation in 2015 includes strategic tasks set by the Municipal Party Committee and government to advance reform, development, rule of law, and Party building centering around the tenet of "Four Comprehensives" as well as the tasks set by the municipal government to concretely promote public welfare. Special social evaluation is implemented by a third party hired by the municipal evaluation office and takes place in tandem with comprehensive social evaluation. (Source: Office of Hangzhou Municipal Comprehensive Evaluation Committee)

a. Confirmation of Evaluation Criteria and Indicators

The criteria are related to the work and performance of appraisees, and two types of indicators are established—one is used for individual evaluation and the other for overall evaluation.

b. Sample Size Determination

If a large sample is involved in a project, the size of sample is around 350, with a confidence level of 95% and an allowable error of 5%.

If a smaller sample is involved in a project, the sample size is $n = 350/(1 + 350/N)$, where N is the total population.

There are mainly two types of respondents in the survey: first, beneficiaries of the projects, the competent authority should provide sample for survey; second, gen-

eral citizens, including Party representatives, representatives of municipal people's congress, members of municipal people's political consultative conference, performance evaluation experts, and performance information collectors.

c. Evaluation Method

Questionnaires will be mailed to respondents. As for general citizens, household survey and Central Location Test will be carried out.

d. Calculation

i. Metrics

The metric scale of special social evaluation is 1–5, in which 1 equates to a score of 0 (2 = 40, 3 = 60, 4 = 80, 5 = 100). The answer of "No Idea" in the survey equates to a score of 0.

ii. Weight

1. Sample weight. All the samples in the evaluation on the projects have an equal weight.
2. Indicator weight. There are two sets of indicators for the evaluation on a project—one for individual evaluation and the other for overall evaluation. The two sets of indicators have different weights.

iii. Degree of Difficulty

Certain types of representatives including citizen representatives will be asked to assess the degree of difficulty of a project—Very Difficult, Difficult, Not Difficult, Easy, Very Easy. The five choices correspond to five scores. Difficulty coefficient of a project = (degree of difficulty of a project)/(average degree of difficulty of all the projects).

iv. Calculation of Results

Equation: score of a project = total score of the individual evaluation indicators/the number of indicators × weight + score of the overall evaluation indicators × weight × difficulty coefficient.

Proportion of special social evaluation score. When there is one appraised project in the special social evaluation on a department directly under the municipal government, the proportion of special social evaluation score in the total social evaluation score is 10% (equivalent to a score of 5); when there are two tasks, the proportion is 20%; when there are three tasks, the proportion is 30%; and when there are four or more than four tasks, the proportion is 40%.

Evaluation coefficient of special social evaluation is 1.01.

Score of special social evaluation = $\sum$total score of the projects in special social evaluation/the number of appraised projects × coefficient of the appraisee × evaluation coefficient of special social evaluation × proportion of special social evaluation score.

2.3 Social Evaluation on Districts and Counties

Social evaluation on the district and counties focuses on the performance of Party committees and governments of the districts and counties in economic development, social management, public service, rule of law, and capacity building.

a. Main Participating Representatives and Their Weights in Social Evaluation on Districts and Counties

Social evaluation on districts and counties is mainly participated by local representatives so as to highlight the role of citizen representatives, which is in line with the core value of "let the people judge and satisfy people's needs." Table 3 describes the weights of the five types of participating representatives.

The sample size in social evaluation on districts and counties takes the population of Binjiang district as the base (the base is 800). Every 100,000 more population than Binjiang corresponds to 100 more samples in a district or county (see the Sixth National Population Census for official demographic data). Representatives of citizens and companies are selected randomly based on household survey; and representatives of local offices, retired officials, local Party committees, local people's congresses, local people's political consultative conferences, neighborhood committees, and village committees are chosen by Hangzhou Municipal Performance Evaluation Center by chance according to the requirements of sample size design.

b. Organization and Implementation of Social Evaluation on Districts and Counties

Social evaluation on districts and counties is organized and implemented by municipal performance evaluation center who is entrusted by the municipal evaluation office. There are two ways of evaluation: household survey and mail survey. In order to ensure the objectiveness and effectiveness of data, different ways are adopted for different types of representatives. As for citizen representatives, household survey is carried out in which questionnaires are given and collected in the homes of the

Table 3 Weights of participating representatives in social evaluation on districts and counties

Sample (all the samples are sourced locally)	Weight (%)
1. Representatives of citizen (based on the ratio of urban residents to rural residents)	40
2. Representatives of retired officials, local Party committees, local people's congresses, and local people's political consultative conferences	25
3. Corporate representatives	15
4. Representatives of local offices	10
5. Representatives of neighborhood committees and village committees	10
Total	100

(*Source* Notice on the implementation of annual comprehensive evaluation in 2016 issued by the general office of Hangzhou Municipal Party Committee and municipal government on december 6, 2016, Decree No. 70)

respondents. With respect to representatives of local offices, retired officials, local Party committees, local people's congresses, local people's political consultative conferences, neighborhood committees, and village committees, social evaluation forms are mailed to them who then mail back the completed forms.

c. Collection and Calculation of the Results

Both horizontal evaluation and vertical evaluation methods are used in social evaluation on districts and counties. The score of social evaluation in the current year has a weight of 80%, and the standard value of the scores in the previous three years has a weight of 20%. The two figures are added up to work out the final score of the annual social evaluation: final score of the annual social evaluation in the current year = score of the social evaluation in the current × 80% + score of the social evaluation in the current year × 20% × [1 + (score of the social evaluation in the current year—standard value of the scores in the previous three years)/score of the social evaluation in the current year]. Standard value of the scores in the previous three years = score in the first year × 50% + score in the second year × 30% + score in the third year × 20%.

The result of social evaluation is included in the score of comprehensive evaluation with a weight of 30%.

3 Leadership Evaluation

Factor evaluation method is used in leadership evaluation. The leadership of Municipal Party Committee, municipal government, municipal people's congress, and municipal people's political consultative conference as well as the chief justice of municipal court and the chief procurator of municipal procuratorate will organize internal leadership evaluation on the departments directly under the municipal government, district Party committees, district governments, county Party committees, and county governments to assess how the leaders have been leading their teams to fulfill the tasks assigned by the Municipal Party Committee and government.

3.1 Organization and Implementation of Leadership Evaluation

Leadership evaluation is organized and implemented by the municipal evaluation office. After the initiation of the annual comprehensive evaluation, the municipal evaluation office will send leadership evaluation forms to Municipal Party Committee, municipal government, municipal people's congress, municipal people's political consultative conference, the chief justice of municipal court, and the chief procurator of municipal procuratorate for them to perform leadership evaluation. Then, the

evaluation results will be sealed and submitted to the municipal evaluation office for data collection and organization.

3.2 Ascertainment of Leadership Evaluation Result

a. Ascertainment of Result of Leadership Evaluation on Departments Directly under the Municipal Government

Leadership evaluation on departments directly under the municipal government started to be conducted in 2005. The leaderships are scored on a scale of 1–5, and the answer of "Unclear" equates to a score of 3; no comment is equal to "Unclear" or a score of 3; and when a respondent makes no comment on any of the departments, the respondent's vote is deemed invalid and will not be included in the statistical result. Score of leadership evaluation = $\sum$score of evaluation on each of the leader/(total votes cast − invalid votes).

In the annual comprehensive evaluation in 2017, a number of changes were made to leadership evaluation on departments directly under the municipal government. Specifically, in order to ensure the coherence of power with duty and perform evaluation in an objective, fair, and comprehensive manner, differentiated evaluations were conducted on the execution, competence, and performance of departments directly under the municipal government. The leaders of municipal government were divided into different groups who have different weights; at the same time, no more than 20 departments (accounting for around 18% of all the appraised departments) are graded as "Excellence" (equivalent to a score of 5), no more than 25 departments (around 23% of the total) as "Good" (equivalent to a score of 4), or otherwise the votes would be deemed invalid. Owing to the differentiated evaluations, the leadership evaluation became more pertinent, accurate, objective, and authoritative.

b. Ascertainment of Result of Leadership Evaluation on Districts and Counties

The leaderships of Municipal Party Committee, municipal government, municipal people's congress, and municipal people's political consultative conference as well as the chief justice of municipal court and the chief procurator of municipal procuratorate appraise the leaders of district and county authorities under five criteria—leadership, execution, coordination, innovation, and overall performance.

There are five measures on scale of leadership evaluation: Very Good (=100), Good (=80), Not Bad (=60), Relatively Bad (=40), and Bad (=20).

The leadership evaluation result is scored on a scale of 1–100. The score has a weight of 5% in the score of comprehensive evaluation. There are three steps to calculate the score:

First, calculate the proportions of Very Good, Good, Not Bad, Relatively Bad, and Bad in the evaluation on the leaders of districts and counties in terms of leadership, execution, coordination, innovation, and overall performance;

Second, calculate the scores under the five criteria;

Third, calculate the scores of the districts and counties in leadership evaluation.

Score of leadership evaluation = score of leadership × 0.15 + score of execution × 0.15 + score of coordination × 0.15 + score of innovation × 0.15 + score of overall performance × 0.4.

4 Innovation Evaluation

The municipal evaluation office organizes experts to appraise the innovation and excellence projects applied by departments directly under the municipal government, districts, and counties.

4.1 Evaluation Criteria

a. Evaluation Criteria for Innovation and Excellence Projects of Departments Directly under the Municipal Government

After rigorous verification by the municipal evaluation office, two expert evaluations will be organized to assess the innovation and excellence projects undertaken by departments directly under the municipal government—one is professional evaluation and the other comprehensive evaluation.

i. Criteria for Professional Evaluation

Municipal evaluation office organizes experts in relevant fields to conduct professional evaluation online on the verified innovation and excellence projects. Evaluation indicators are set based on the legality, breakthrough, feasibility, advancement, sustainability, and replicability of the projects. Different indicators have different weights. The projects are judged on a scale of 0–5. In the end, the expert panel will decide if a project advances into the next round, namely comprehensive evaluation. Find the criteria for professional evaluation in Table 4.

ii. Criteria for Comprehensive Evaluation

The criteria include three dimensions—importance (30%), breakthrough (30%), and benefit (40%). Different criteria are set for different types of projects. See the criteria for comprehensive evaluation in Table 5.

"Importance" considers if the project is in line with the trend of innovation and reform and if it follows the rule of law; if the project addresses the real problems or the issues relating to the long-term development of Hangzhou; if the project is innovative and if the project is crucial to the economic development, social progress, and image of Hangzhou.

"Breakthrough" considers if the project achieves breakthroughs in the key areas and activities; if the breakthroughs have overall and systematic impacts; the level

Table 4 Criteria for professional evaluation on innovation and excellence projects of departments directly under the municipal government

Serial number	Indicator	Weight (%)	Metric scale
1	If the objective of the innovation project is clear, if the project is in line with the trend of innovation and reform, and if the project follows the rule of law?	20	□5 □4 □3 □2 R1 □0
2	If the project achieves breakthroughs in the key areas and activities?	30	□5 □4 □3 □2 □1 □0
3	If the pathway, methodology, and measures of the project are proper?	20	□5 □4 □3 □2 □1 □0
4	According to your expertise and knowledge, if the project is advanced compared to other projects in China and abroad?	15	□5 □4 □3 □2 □1 □0
5	If the project is sustainable and replicable?	15	□5 □4 □3 □2 □1 □0

Notes
1. The full score of the professional evaluation is 100. The score of professional evaluation has a weight of 30% in the total score of innovation and excellence evaluation
2. On the metric scale, 5 equates to a score of 100, 4 equates to 80, 3 equates to 60, 2 equates to 40, 1 equates to 20, and 0 equates to 0

of innovativeness; if the project achieves breakthroughs on prominent issues and problems; and the depth and strength of breakthrough.

"Benefit" considers the social impacts and benefits of the project; the input and output of the project, and if the resources are used properly and effectively; and if the project is sustainable and replicable.

In comprehensive evaluation, the projects are appraised on a scale of 0–10.

Different criteria are set for service quality improvement projects (Table 6).

b. Evaluation Criteria for Innovation and Excellence Objectives of the Districts and Counties

i. Verification Criteria

Verification intends to check and verify if the objectives are fulfilled as described in project application according to schedule, if the verification application documents are true, accurate, and complete. The criteria consist of four dimensions—degree of fulfillment, innovativeness, explicitness of the efficacy, and completeness of documents.

Table 5 Criteria for comprehensive evaluation on innovation and excellence projects of departments directly under the municipal government (Excluding the service quality improvement projects)

Indicator	Wright (%)	Type	Description	Metric scale
Importance	30	Innovation	If the project is in line with the trend of innovation and reform and if it follows the rule of law; if the project addresses the real problems or the issues relating to the long-term development of Hangzhou; if the project is innovative; and if the project is crucial to the economic development, social progress, and image of Hangzhou	☐10 ☐9 ☐8 ☐7 ☐6 ☐5 ☐4 ☐3 ☐2 ☐1 ☐0
		Challenge		
		Excellence	If the project is crucial to the economic and social development of Hangzhou; and if the project contributes to the fame and reputation of Hangzhou	☐10 ☐9 ☐8 ☐7 ☐6 ☐5 ☐4 ☐3 ☐2 ☐1 ☐0
Breakthrough	30	Innovation	If the project achieves breakthroughs in the key areas and activities; if the breakthroughs have overall and systematic impacts; and the level of innovativeness	☐10 ☐9 ☐8 ☐7 ☐6 ☐5 ☐4 ☐3 ☐2 ☐1 ☐0
		Excellence	Level and difficulty of award	☐10 ☐9 ☐8 ☐7 ☐6 ☐5 ☐4 ☐3 ☐2 ☐1 ☐0
		Challenge	If the project achieves breakthroughs on prominent issues and problems; and the depth and strength of breakthrough	☐10 ☐9 ☐8 ☐7 ☐6 ☐5 ☐4 ☐3 ☐2 ☐1 ☐0
Benefit	40	Innovation	The social impacts and benefits of the project; the input and output of the project—if the resources are used properly and effectively; and if the project is sustainable and replicable	☐10 ☐9 ☐8 ☐7 ☐6 ☐5 ☐4 ☐3 ☐2 ☐1 ☐0
		Excellence		
		Challenge		

Notes

1. The full score of the comprehensive evaluation is 100. The score of professional evaluation has a weight of 70% in the total score of innovation and excellence evaluation
2. On the metric scale, 10 equates to a score of 100, 9 equates to 90, 8 equates to 80, 7 equates to 70, 6 equates to 60, 5 equates to 50, 4 equates to 40, 3 equates to 30, 2 equates to 20, 1 equates to 10, and 0 equates to 0
3. The excellence projects in the table refer to the rewarded projects, not including projects to improve public service quality

Table 6 Criteria for comprehensive evaluation on service quality improvement projects of departments directly under the municipal government

Indicator	Weight (%)	Description	Metric scale
Relevance	10	If the services provided (time, location, environment, facility) fit into the features and requirements of the project; and availability of the services	☐10 ☐9 ☐8 ☐7 ☐6 ☐5 ☐4 ☐3 ☐2 ☐1 ☐0
Standardization	30	If information is disclosed in a complete, timely, and transparent manner; if the services are professional and standardized; if the process of service provision is standardized and transparent; and if the response mechanism is sound	☐10 ☐9 ☐8 ☐7 ☐6 ☐5 ☐4 ☐3 ☐2 ☐1 ☐0
Optimization	30	How much is the project is optimized in terms of concept, institution, mechanism, and procedure	☐10 ☐9 ☐8 ☐7 ☐6 ☐5 ☐4 ☐3 ☐2 ☐1 ☐0
Benefit	30	Social or economic benefits and social impacts of the project; input and output of the project; if service efficiency and quality are improved visibly	☐10 ☐9 ☐8 ☐7 ☐6 ☐5 ☐4 ☐3 ☐2 ☐1 ☐0

Notes
1. The full score of the comprehensive evaluation is 100. The score of professional evaluation has a weight of 70% in the total score of innovation and excellence evaluation, and the other 30% is carried by satisfaction assessment
2. On the metric scale, 10 equates to a score of 100, 9 equates to 90, 8 equates to 80, 7 equates to 70, 6 equates to 60, 5 equates to 50, 4 equates to 40, 3 equates to 30, 2 equates to 20, 1 equates to 10, and 0 equates to 0

ii. Performance Evaluation Criteria

Performance evaluation is performed by experts to assess the comprehensiveness, difficulty, innovativeness, cost (including financial investment, labor cost, etc.), output (actual outcomes and expected benefits of an objective, including social benefit, economic benefit, managerial benefit, direct benefit, indirect benefit, short-term benefit, and long-term benefit), immediate beneficiary, contribution to local economy, extent of impact, and demonstration effects.

4.2 Evaluation Procedure

There are three stages for evaluation on innovation and excellence projects of departments directly under the municipal government—application acceptance and verification, professional review, and comprehensive evaluation.

a. Application Acceptance and Verification

In the stage, applicants should present a full analysis of the implementation of their innovation and excellence projects and fill in acceptance and verification forms. Then, the applicants should upload and submit the completed forms together with relevant digital evidence documents to the Digital Evaluation System of Hangzhou within the stipulated time. The content in the acceptance and verification form should be concise and focused. The evidence documents should be indicative of the importance, breakthroughs and benefits of innovation and excellence projects and respond to the questions in the form.

Upon receipt of the verification application, the municipal evaluation office will check and verify the truthfulness and completeness of application documents. When necessary, a third party will be hired to do that. If a project fails to be fulfilled against standards or the application documents are faked, the evaluation will not go into the next stage.

At the same time, the municipal evaluation office will publish information of the implementation of verified innovation and excellence projects on www.hangzhou.gov.cn and www.hzkpb.gov.cn to collect feedbacks from the public. Usually, the information will remain public for 7 working days.

b. Professional Review

The verified innovation and excellence projects will be categorized by the municipal evaluation office, who will then organize experts to conduct professional review.

Professional review will take place online. Based on the scoring of professional review and the voting of experts, 20% of the applied projects will be eliminated. The projects that have passed the professional review will receive *Notification of Objective Evaluation on Departments Directly under Hangzhou Municipal Government* to advance into the next stage.

c. Comprehensive Evaluation

If there are over 60 projects to be appraised, the municipal evaluation office will set up two expert panels to conduct comprehensive evaluation according to the schedule laid out by the panels. As comprehensive evaluation is a digitalized process, the applicants do not need to provide paper documents. The steps of comprehensive evaluation include presentation or review of evaluation documents, Q&A, scoring by expert panel and announcement of evaluation result.

Presentation or review of evaluation documents. When the presenter arrives, the moderator would announce the beginning of the presentation and the timekeeper starts the timer. The presenter would report the implementation of innovation and

excellence projects to the expert panel. The presenter can choose to do a PowerPoint presentation or not. The presentation should be no longer than 10 min. When it's close to 10 min (e.g., 8 min), the timekeeper would remind the presenter. When time is up, the timekeeper would stop the presenter. The appraisees who do not give presentations should enter the venue 8 min after the beginning of the evaluation to answer the questions of the expert panel.

Q&A. When Q&A begins, the expert panel would ask the appraisee questions. The answer of the appraisee should be brief and clear. Each answer should be less than 2 min. The Q&A should be no longer than 5 min (or 10 min if it is a joint innovation project that is appraised).

Scoring. The expert panel would score the importance, breakthrough, and benefit of appraised innovation and excellence projects separately on-site. In case of a joint innovation project, the expert panel would also score the relevance and contribution of the project.

Calculation. The experts submit digital evaluation forms to the comprehensive evaluation system for data collection and calculation. The scores given by the experts would be averaged and double-checked before being submitted to the moderator.

Announcement of evaluation result. The evaluation results are announced by the moderator on-site.

Performance evaluation on innovation and excellence objectives of the districts and counties mostly follows the same procedure as evaluation on innovation and excellence objectives of departments directly under the municipal government, except that the former has a comment session. After scoring by the expert panel, the panel would choose 2–3 experts to comment on the appraised project including features, innovation, problems, and future improvement. The comment session is 5 min long.

4.3 Result Ascertainment

a. Ascertainment of Result of Evaluation on Innovation and Excellence Projects of Departments Directly under the Municipal Government

As there are numerous projects of departments directly under the municipal government to be appraised, the projects are divided into two groups that will be appraised by two expert panels separately. In order to ensure rationality and fairness, the scores given by the two expert panels would be equalized when necessary. To be specific, before the expert evaluation, an interview would be organized in which the two expert panels would re-assess four innovation and excellence projects that have been appraised in the previous year (two with high scores and the other two with low scores). The average difference of the scores given by the two expert panels would be equalized.

As for weight, the score of expert evaluation (full score is) has a weight of 30% in the total score of innovation and excellence project performance evaluation; and

that of comprehensive evaluation has a weight of 70% in the total score of innovation and excellence project performance evaluation. Comprehensive evaluation on service quality improvement projects follows *Implementation Rules for Service Quality Improvement Project Evaluation*, the score of customer satisfaction assessment accounts for 30% of the total score of innovation and excellence project performance evaluation and the score of the comprehensive evaluation 70%. If an innovation and excellence project fails to be fulfilled as scheduled or the application documents are faked, the project gets a score of zero and even in some cases a score of 0.3–1 would be deducted from the comprehensive evaluation score.

With respect to the joint innovation and excellence projects that are included in *Catalogue of Innovation Projects of Hangzhou Municipal Government* and that are key tasks set by the Municipal Party Committee's Leading Group for Comprehensively Deepening Reform, if the leading departments and supporting departments manage to fully achieve the innovation objectives or the equivalent (evidenced by documents that are submitted for application acceptance and verification at the year-end), the total score of performance evaluation would be counted. If the leading departments and supporting departments fail to fully achieve the innovation objectives, only part of the performance evaluation score would be counted (ranging from 90, 80, 70 to 60%). In order to appraise the performance of joint innovation projects objectively and comprehensively, the evaluation methods were improved in 2016 to factor comprehensive evaluation by experts, relevance evaluation of the activities by participating departments (two indicators: relevance and contribution), coefficient set by the municipal evaluation office for comprehensive and special evaluation scoring, verification and recommendations of the leading departments on weight of score in the total score. If a department has applied for evaluations on both innovation project and joint innovation project, the higher score is considered as the score the department gets in the annual innovation and excellence project evaluation.

Final score of innovation and excellence project evaluation = score of professional review × 30% + score of comprehensive evaluation × 70% (or score of customer satisfaction assessment × 30% + score of comprehensive evaluation × 70% for service quality improvement projects).

b. Ascertainment of Result of Evaluation on Innovation and Excellence Projects in the Districts and Counties

The full score of innovation and excellence project evaluation is 5, which consists of verification, satisfaction assessment, and performance evaluation. Among them, verification has a weight of 20%, or a score of 1; satisfaction assessment 20%, (a score of 1); and performance evaluation 60% (a score of 3).

5 Ascertainment of Comprehensive Evaluation Result

5.1 Collection of Comprehensive Evaluation Results of Departments Directly Under the Municipal Government

The total score of the comprehensive evaluation on departments directly under the municipal government consists of objective evaluation, social evaluation, leadership evaluation and innovation and excellence evaluation.

i. The final scores in objective evaluation are collected and reviewed by the municipal evaluation office. 95 marks are given if the basic objectives (including ordinary challenges) are fulfilled and the rest 5 marks are given if the key challenges are fulfilled so as to incentivize the exceptional performers. The score is calculated as follows:

First, I is calculated based on the scores of performance evaluation objectives (including key indicators, function indicators, general indicators, objectives of key tasks, objectives of interdepartmental cooperation, and objectives of response to public needs) which have a weight of 80%, namely, I = scores of performance evaluation objectives (excluding self-improvement objectives)/the total score of performance evaluation objectives (excluding self-improvement objectives) × 95 + bonus point score for fulfillment of key challenges) × 80%.

Second, II is calculated based on the scores of self-improvement objectives which have a weight of 20%, namely, II = score of self-improvement objective evaluation/total score of self-improvement objective evaluation × 20%.

Third, the score of objective evaluation is calculated by adding up I and II, namely, score of objective evaluation = I + II.

The result of objective evaluation is included in the total score of comprehensive evaluation on a department. The result carries a weight of 45% for the appraisees in comprehensive evaluation and 90% for non-appraisees in comprehensive evaluation.

ii. The final score in social evaluation is collected and ascertained by the municipal evaluation office according to relevant scoring rules. Score of comprehensive social evaluation = score of comprehensive social evaluation × evaluation coefficient; score of special social evaluation = $\sum$score of appraised projects/the number of appraised projects of a department × coefficient of the appraised department × special social evaluation coefficient × proportion of special social evaluation.
iii. The score of leadership evaluation is included in the total score of comprehensive evaluation and carries a weight of 5%.
iv. A "competition + elimination" system is used on innovation and excellence projects, namely, the weighted scores in the two rounds of performance evaluations are calculated. Innovation award, innovation nomination award, and innovation incentive award projects (no more than ten in total) will be selected

by score. In comprehensive evaluation, 0.8, 0.5, and 0.3 will be given to the three types of projects respectively as bonus points.

5.2 Collection of Comprehensive Evaluation Results of the Districts and Counties

The total score of comprehensive evaluation on the districts and counties is calculated by adding the weighted scores of objective evaluation, social evaluation, leadership evaluation, and innovation evaluation.

The score of objective evaluation is calculated by adding the score of development indicator evaluation and that of work objective evaluation. Then, the score is included in the total score of comprehensive evaluation with a weight of 65%.

The score of social evaluation is included in the total score of comprehensive evaluation with a weight of 30%.

The score of leadership evaluation is included in the total score of comprehensive evaluation with a weight of 5%.

The score of innovation objective evaluation is included in the total score of comprehensive evaluation as bonus point.

Rankings and Award of Comprehensive Evaluation

i. Rankings of Comprehensive Evaluation

1. Rankings of Comprehensive Evaluation Results of Departments Directly under the Municipal Government

Departments directly under the municipal government that are included in the comprehensive evaluation are classified into appraisee and non-appraisee. Different passing scores are set for appraisee and non-appraisee, which are also the basis of the rankings.

The passing score for appraisee is 84. The comprehensive evaluation results are ranked by adding the weighted scores of objective evaluation, social evaluation, and leadership evaluation. The appraisees that score higher than 84 are graded as "pass," among whom the top 15% are graded as "outstanding" and following 20% as "good"; and the appraisees that score lower than 84 are graded as "fail," among whom the appraisee that ranks at the bottom is graded as "unsatisfactory."

The passing score for non-appraisee is 90. The comprehensive evaluation results are ranked by adding the weighted scores of objective evaluation and leadership evaluation. The non-appraisees that score higher than 90 are graded as "pass," among whom the top 15% are graded as "outstanding" and the following 15% as "good"; and those who score lower than 90 are graded as "fail."

The departments that become eligible after getting the bonus points for innovation and excellence do not affect the quotas of the above-mentioned grades. The departments that are graded 'good' or above show no record of events can trigger veto or serious accidents caused by negligence of duty.

2. Rankings of Comprehensive Evaluation Results of the Districts and Counties

Passing score in comprehensive evaluation on the districts and counties is 85.

The comprehensive evaluation results of the 12 districts and counties are ranked according to their scores in comprehensive evaluation. The top three that score higher the passing score and have no record of events that trigger veto are graded as "exceptional" and the rest as "good." As Chunan is appraised separately, the grading of Chunan is determined by the classified evaluation. In the classified evaluation at the provincial level, the top three among the 26 appraised districts or/and counties who score higher than the passing score in comprehensive evaluation and have no record of events that trigger veto are graded as "exceptional." The appraised districts and counties who score lower than the passing score or who score higher than the passing score but have a record of one event that triggers veto in the year are graded as "pass"; and those who have a record of two events that trigger veto in the year are graded as "fail."

Since 2016, Hangzhou has applied comprehensive evaluation to Party building. In the annual comprehensive evaluation, the performance in Party building is scored. To be specific, the top three districts and counties get a bonus of 0.4 point in comprehensive evaluation, but in contrast, those in the last three places receive a penalty of 0.4; the top ten departments directly under the municipal government get a bonus of 0.4 point in comprehensive evaluation, those ranked between 11th and 20th get a bonus of 0.3 point, those between 11th and 20th from the bottom receive a penalty of 0.3 point, and those ranked among the last ten receive a penalty of 0.4 point. The district or county ranked at the bottom and the bottom three departments directly under the municipal government are degraded. But usually, if they have no record of events that trigger veto, they will not be degraded to "fail."

ii. Award

In comprehensive evaluation, award is given to incentivize the appraisees to perform better and make breakthroughs.

1. Key Task Award. The award was established in 2013 in order to incentivize the districts, counties, and departments directly under the municipal government to take the lead and take concrete actions to pursue the key objectives and tasks set by the Municipal Party Committee and government. The leading organizations can submit award applications to the municipal evaluation office in the beginning of the year. The municipal evaluation office will submit its list of recommended candidates to the the Municipal Party Committee and government for approval. Then, after setting the annual performance evaluation objective, the Municipal Party Committee and government will select the winners.
2. Notable Improvement Award. The award was established in 2010. In the annual comprehensive evaluation, the top five appraisees (or three non-appraisees) that achieve the most notable improvement will receive Notable Improvement Award (if an appraisee has won a similar award before, it will not receive the award again).

3. Government Innovation Award. The award was established in 2011 to recognize the best performers in innovation and excellence objective evaluation (the top ten departments directly under the municipal government and the top three districts and counties will receive the award).
4. Government Service Quality Award. According to the indicators and methods for government service quality evaluation, the top three projects of departments directly under the municipal government in the evaluation on service quality improvement projects (the winners must be among the top 30 in terms of the total score in innovation and excellence performance evaluation) will be selected as the winners of the award.
5. Successful Rectification Award. The award was established in 2012 with the aim to encourage the departments directly under the municipal government to respond to the request of the people and take measures for rectification. The top five departments in the evaluation on rectification (which is a part of social evaluation) will receive the award.

Chapter 8
Performance Feedback



Performance feedback refers to performance management activities conducted by performance management authorities to share performance evaluation results to related responsible departments, all participants, and the public and through which to exert influence on the behaviors of responsible departments. On the one hand, performance feedback enables responsible departments to better understand their own work performance and make due improvements in a timely fashion, and on the other hand, it makes it easier for stakeholders and the public involved in performance management to access the evaluation and supervision results and exercise their right to know and supervise. This chapter mainly introduces performance feedback practices of Hangzhou city from the three aspects of results transparency, performance reporting, performance rewards, and punishments.

1 Results Transparency

Information transparency serves as the prerequisite for the government to receive social supervision. As an important part of government information transparency, government performance evaluation results have attracted wide social attention. Disclosing government performance evaluation results to the public enhances public recognition and trust of government performance management and effectively encourages responsible departments to take corrective measures, thus contributing to work performance enhancements.

1. Disclosure of Annual Comprehensive Appraisal Results

Disclosure of annual comprehensive appraisal results is a significant component of performance feedback. Since comprehensive appraisal was launched in Hangzhou in 2015, mainstay media, such as Hangzhou Daily, Hangzhou.gov.cn, among others, have been used to release annual comprehensive appraisal results for the general public to understand the annual work targets and performance assessment of all responsible departments.

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In disclosing annual comprehensive appraisal results of departments directly affiliated to the Hangzhou municipal government, the scores, ranking, and performance levels of all departments are to be released. In disclosing annual comprehensive appraisal results of districts and counties (county-level cities), only scores and performance levels are to be released. The disclosure also includes appraisal results of single awards, including among others, annual award for priority work, award for fast risers, award for innovation, award for outstanding government service, award for effective improvement measures, etc.

In addition to disclosing comprehensive appraisal results to the public, the municipal appraisal and assessment office also gives one-on-one feedbacks to each and every responsible department, including items and causes for score loss, scoring explanation on all dimensions and items under social evaluation. Based on that, the responsible departments may conduct analytical study in order to deliver more targeted improvement.

Table 1, Figs. 1 and 2 show that the range of annual comprehensive appraisal scores of participant departments is between 5 and 12, and variance of which is between 1.1 and 1.7, demonstrating a downward trend. The range of scores of non-participant departments is between 2.5 and 8.5, which is slightly smaller than that of participant departments, and the variance of scores is between 0.6 and 1.8 with the trend going up from 2005 to 2010 and down from 2010 to 2016. The range and variance of comprehensive appraisal scores remain at a low level for both participant departments and non-participant departments, which means that the performance gap between different departments is being narrowed.

Figure 3 shows that the average comprehensive appraisal score for both participant and non-participant departments drops since 2012. After performance management pilot scheme was launched in 2011, the evaluation index and methods have been improved and new standards and requirements have been adopted. Responsible departments should further enhance work performance to gain a higher score.

Table 2 shows that 7 departments are ranked at the bottom in the appraisal from 2005 to 2016, among which 2 departments are ranked at the bottom twice and above. Department A demonstrates the fastest rise in ranking, increasing all the way from the bottom in 2005 to the 2nd place in 2014. Department C demonstrates little change in ranking, which remains after the 60th place since 2007 when it is ranked at the bottom.

Disclosing annual comprehensive appraisal results is an important component of performance feedback, and a crucial measure for performance management authorities to receive social supervision. It speaks for the transparency in government performance work, helps the government to gain bigger public trust, and encourages the public to participate in government performance management. The results serve as rewards and incentives to excellent departments and punishments to departments with poor performance, thus nurturing a sound work style in government departments, enhancing performance management, facilitating government innovation, increasing government efficiency and service quality and creating a good environment for development.

Table 1 Comprehensive appraisal scores of municipal government-affiliated departments between 2005 and 2016

Year	Type of departments	Highest score	Lowest score	Average score	Range	Variance
2005	Participant departments	92.344	86.389	88.956	5.955	1.341
	Non-participant departments	100.415	97.555	99.035	2.860	0.612
2006	Participant departments	94.064	86.869	90.373	7.195	1.379
	Non-participant departments	100.975	95.624	99.037	5.351	1.165
2007	Participant departments	94.210	86.743	90.851	7.467	1.537
	Non-participant departments	101.474	94.652	99.195	6.822	1.675
2008	Participant agencies	94.053	83.018	90.960	11.035	1.665
	Non-participant departments	101.584	94.971	99.162	6.613	1.629
2009	Participant departments	94.445	88.952	91.658	5.493	1.355
	Non-participant departments	101.291	92.994	98.182	8.297	1.669
2010	Participant departments	96.111	87.018	92.668	9.093	1.500
	Non-participant departments	101.644	93.525	98.714	8.119	1.721
2011	Participant departments	97.270	88.864	93.180	8.406	1.334
	Non-participant departments	100.970	96.149	98.967	4.821	1.285
2012	Participant departments	96.834	89.560	93.513	7.274	1.219
	Non-participant departments	100.479	94.776	98.576	5.703	1.243

(continued)

Table 1 (continued)

Year	Type of departments	Highest score	Lowest score	Average score	Range	Variance
2013	Participant departments	93.500	87.654	90.399	5.846	1.073
	Non-participant departments	100.089	94.904	98.316	5.185	0.839
2014	Participant departments	93.705	86.343	90.876	7.362	1.309
	Non-participant departments	100.358	95.327	97.804	5.031	0.961
2015	Participant departments	93.447	87.945	89.753	5.502	1.165
	Non-participant departments	96.449	91.567	94.280	4.882	0.955
2016	Participant departments	95.246	88.841	91.436	6.405	1.727
	Non-participant departments	97.202	91.354	94.544	5.848	1.018

Note Range refers to the difference between the highest score and the lowest score in comprehensive appraisal scores of all departments. The greater the difference, the bigger the gap is between the highest score and the lowest score. Variance is the expectation of the squared deviation of comprehensive appraisal scores of all departments from the average score. The greater the variance, the greater the deviation is from the average score

2. Disclosure of Annual Social Evaluation Report

In 2008, Hangzhou became the first city in China to disclose *Annual Social Evaluation Report* (hereinafter referred to as "*the report*"), and after which a regular system was established. Regarded as the "white paper" on public governance of the city, *the report* has been published for nine consecutive years and includes three parts: first, summary of last year's evaluation and opinions on improvement; second, comprehensive analysis on social evaluation opinions and suggestions for municipal government-affiliated departments this year; third, measures and suggestions on improving comprehensive appraisal and social evaluation in the next step.

The first part of *the report* reviews improvements made based on last year's public evaluation, including major practices, outcomes, and deficiencies. For example, *the report* in 2015 reviews statistics of improvements made in traffic control, environmental governance, urban planning, food safety supervision, price regulation, garbage classification, elderly care services, employment services, public services, cultural and social well-being projects, government efficiency, and strict Party discipline based on public opinions solicited in 2014. Meanwhile, *the report* also points

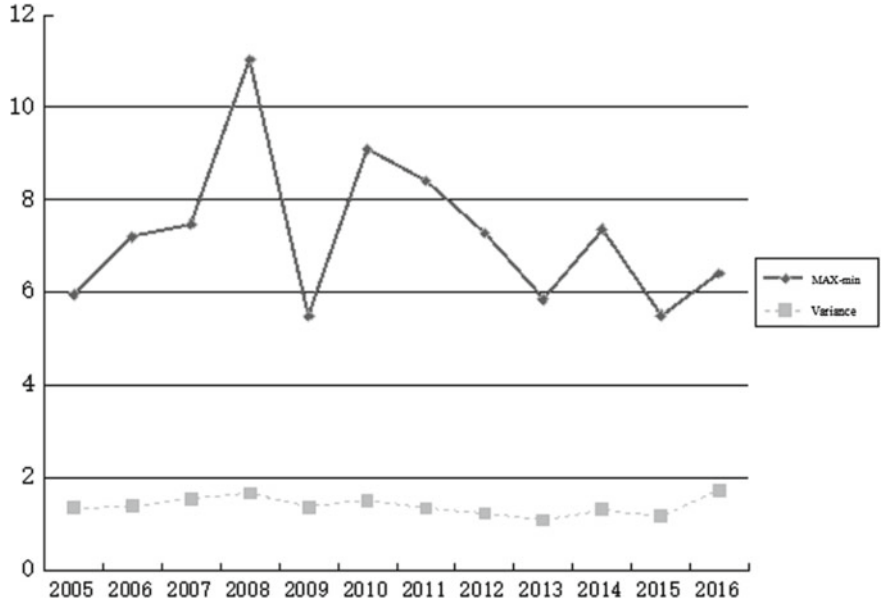


Fig. 1 Changes in range and variance of annual comprehensive appraisal scores of participant departments from 2005 to 2016

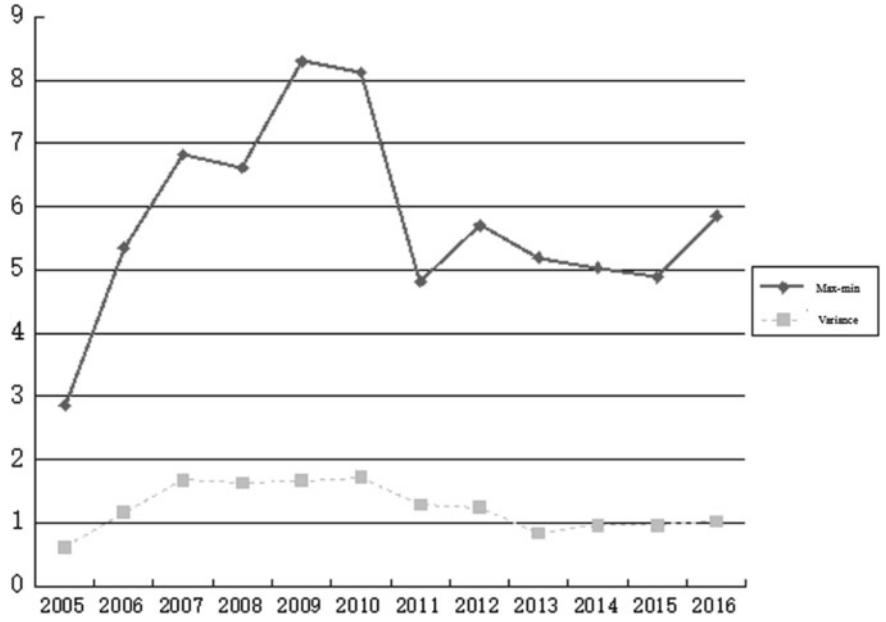


Fig. 2 Changes in range and variance of annual comprehensive appraisal scores of non-participant departments from 2005 to 2016

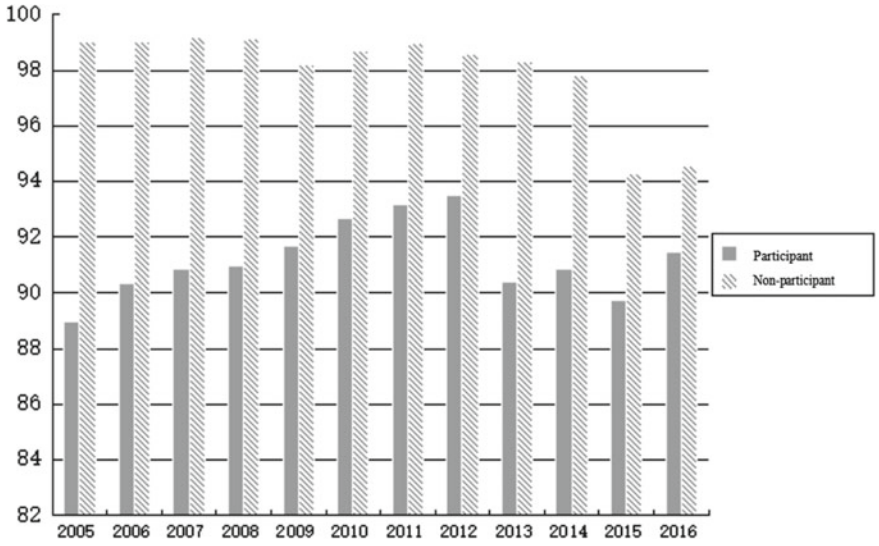


Fig. 3 Comparisons of average appraisal scores between participant and non-participant departments from 2005 to 2016

Table 2 Ranking change of lowest-ranking participant departments from 2005 to 2016

Year	Lowest-ranking departments	Change in ranking until 2016
2005	A	66 → 48 → 45 → 42 → 26 → 28 → 29 → 19 → 13 → 2→4 → 5
2006	B	71 → 66 → 60 → 48 → 34 → 61 → 42 → 69 → 36 → 37 → 17
2007	C	71 → 65 → 74 → 73 → 68 → 69 → 70 → 60 → 64 → 63
2008	D (minimum requirements not met)	72 → 72 → 65 → 60 → 64 → 63 → 55 → 56 → 54
2009	C	74 → 73 → 68 → 69 → 70 → 60 → 64 → 63
2010	C	73 → 68 → 69 → 70 → 60 → 64 → 63
2011	E	69 → 71 → 71 → 64 → 63 → 29
2012	E	71 → 71 → 64 → 63 → 29
2013	E	71 → 64 → 63 → 29
2014	F	66 → 19 → 31
2015	G	65 → 59
2016	C	63

Note Each English letter in Fig. 2 refers to a lowest-ranking department of the year. The lowest-ranking departments in 2007, 2009, 2010, and 2016 are the same department while the lowest-ranking departments in 2011, 2012, and 2013 are the same department. Except for 2008 when the lowest-ranking department is not up-to-standard department (unsatisfactory department), the lowest-ranking departments of all the other years are all up-to-standard departments

out deficiencies such as insufficient attention to correction, innovation, and long-lasting effect.

The second part of *the report* makes a comprehensive analysis of the opinions on this year's social evaluation and puts forward key areas for improvement. *The report* in 2007 demonstrates that problems are concentrated on seven difficult issues, including limited access to employment, healthcare, education, housing, transport, parking space, cleaning services, and difficulties in receiving administrative approval as well as difficulties in improving people's life. In 2008, *the report* proposes that in addition to the aforementioned issues, enhancements need to be made on such areas as public management level. In 2009, *the report* deals with hot issues of public concern such as public security, demolition and relocation, old-age care, and nursing. In 2010, *the report* reflects people's aspiration for more rapid transformation and upgrading, a stronger city and improved well-being, better public service and improved social management, enhanced public service performance, and reduced administrative costs to build a service-oriented and effective government. In 2011, *the report* reviews opinions on public service and environmental protection during urban development. In 2012, *the report* touches upon government work style and efficiency as well as problems in urban development. In 2013, opinions in the *report* are concentrated on urban management, public service, market regulation, environmental protection, people's livelihood, and government efficiency. In 2014, *the report* covers new topics on food safety, equal access to public services, and city governance. In 2015, *the report* emphasizes that efforts should be made to ensure success of the G20 Hangzhou summit.

The third part of *the report* puts forward measures and suggestions for improvement, "a prescription" for all departments to follow. For example, *the report* in 2015 states that all work should be value-, problem-, quality-oriented and based on the rule of law. Improvements should be made from four aspects, including laying down the basic thought for social evaluation, solving recurring problems, improving social evaluation, and promoting law-based performance management.

Disclosure of *the report* demonstrates the respect for public opinions and a sense of responsibility for the people. It serves as an important link in Hangzhou's comprehensive appraisal and performance management that follows "appraisal, improvement, and feedback." This helps to stimulate effective public participation and well protects people's rights to know, to participate, to evaluate, and to supervise so that people's demands are responded. Meanwhile, all departments are encouraged to gather opinions and wisdom from the people, which will in turn guide work improvement and development.

2 Performance Reporting

Performance reporting aims to analyze the results of annual comprehensive appraisal of municipal government-affiliated departments, districts, and counties (county-level cities). Feedbacks are delivered to relevant departments through two-way interactions

such as meetings, written feedbacks, field visits, talks, etc. Such in-depth exchanges lay a solid foundation for improved performance.

1. Review Meeting

Upon completion of annual comprehensive appraisal, the CPC municipal committee and government will organize a review meeting to summarize the appraisal results of last year.

The review meeting is usually chaired by main leaders of the municipal government and the agenda is usually as follows: announcement of the comprehensive appraisal results, awards ceremony, speeches on experience sharing by representatives of participant departments, overview of last year's appraisal by responsible leaders of the CPC municipal committee, and concluding remarks by main leaders of the CPC municipal committee to raise overall requirements on the work in the future.

A crucial part of the review meeting is the summary made by the deputy secretary of the Municipal Party Committee and the director of the municipal appraisal committee. The summary usually involves a general review of last year's appraisal, comments on the performance, progress, and problems in the responsible departments, as well as goals for next year's comprehensive appraisal.

Themes of the meeting vary in different periods. Before 2008, the topics centered on ways to promote people's satisfaction. From 2009 to 2012, the topics were mainly on improving work style. After 2013, the topics were more wide-ranging and closely linked with the new trends of times, for example, the meeting in 2015 emphasized that guarantee measures be provided for the G20 summit and the implementation of *Hangzhou performance management regulations*. Review and summary are effective form of performance feedback. Through analyzing appraisal results and common problems in certain localities and departments, and by setting clear requirements for future work, the appraisal will be more goal-oriented. This will spur the localities and departments to work harder in high spirits for better performance.

2. Field Visits and Feedbacks

Field visit is one way of performance feedback through which annual appraisal feedbacks are delivered in one-on-one interaction with local departments. Visits are paid to districts, counties (county-level cities), and some municipal government-affiliated departments, but mainly districts and counties (county-level cities).

Since 2008, after each annual appraisal is completed, the municipal appraisal office would dispatch teams to 13 districts and counties (county-level cities) to brief local CPC and government leaders on the results and public opinions of annual appraisal and lay out a blueprint for future work. Local officials can give their suggestions on how to improve comprehensive appraisal work in the future.

A Briefing on Appraisal Results is made every year to cover three parts: first, overview of the comprehensive appraisal in districts and counties (county-level cities), including measures for improvement; second, overview of total scores and rankings, as well as scores and rankings of subcategories, such as development

index, goal assessment, social evaluation, assessment by officials, and innovation; and third, appraisal dimensions within the locality. In this part, reasons of retrogress are analyzed through horizontal and longitudinal comparisons, contents and scoring of social evaluation items are analyzed, and performance evaluation scores of innovation projects and experts' comments are reported. The briefing helps the districts and counties (county-level cities) develop a full understanding of the scores and ranking on all dimensions of the appraisal, variances compared with the previous year and gaps with the best ones in the city, so that they may grasp the public's opinions on government work and harness the advantages and disadvantages of the innovation projects to lay a solid foundation for future work.

During field visits, local CPC and government leaders will exchange views with the municipal appraisal office on some contradictions and prominent issues. For example, in the briefing of 2015s appraisal in Shangcheng District, Party and government officials expressed that the appraisal played an essential role in the area after years of practice and became more scientific and pertinent. As an annual checklist for local government work, it well motivated local departments while pushing for progress. Since 2014, the appraisal was made more development-oriented when districts and counties (county-level cities) introduced unique items and focused on work priorities and tough issues to achieve economic development targets of the province. Emphasis has been put on setting higher standards, transformation and upgrading, regulated management, and greater stimulus. Under the principle of rewarding the excellent staff and punishing the underperformers, an enterprising atmosphere is thus put into place. Meanwhile, local officials have made three suggestions: First, contradiction still remains between pressure for growth and need for energy conservation and emission reduction; second, special conditions of the districts and counties (county-level cities) should be given due consideration; third, more stimulus should be rendered to frontline staff. Such exchanges help the municipal appraisal office gain a holistic understanding of regional social and economic status, which enables improved design of the appraisal system and specific indicators.

The municipal appraisal office will communicate and explain issues pointed out by local departments and make suggestions on improving the comprehensive appraisal in districts and counties (county-level cities). These face-to-face exchanges will guide relevant departments to treat and use appraisal results with a right attitude, and upon identifying weaknesses and shortcomings through systematic analysis, they are able to give full play to their advantages while making up for their disadvantages to achieve coordinated development. The appraisal office urges different areas to grasp the key tasks and better situate themselves toward new changes. These different areas should develop innovative philosophies, system, and methods with the aid of the appraisal system to push forward substantive outcomes.

Field visits are paid mainly to low-ranking and opinion-intensive departments in the appraisal. The municipal appraisal office helps such departments analyze causes of low score and gives suggestions for next year's appraisal. The office also discusses major issues and direction for correction with opinion-intensive departments in hope of facilitating such work.

Field visits and feedbacks enable wider application of appraisal results. Through communications with the local departments, the municipal appraisal office can timely grasp the current status and collect opinions to strengthen the comprehensive appraisal and performance management. By way of performance communication, different areas and departments draw a clear picture of their advantages and disadvantages and have a clear direction for corrective measures. By setting up an exemplary model, efforts are made to improve weak links in the future to increase people's recognition and satisfaction.

3 Performance Rewards and Punishments

Based on the performance evaluation results and relevant rules, responsible departments are subject to rewards or punishments materially and spiritually. Rewards are given to those with outstanding performance as an encouragement to further enhance performance while punishments are imposed to discourage poor performance in the hope of boosting overall performance.

1. Practicing Rewards and Punishments

Different localities have accumulated diversified practices, which have also been institutionalized. For example, the local government quality management award has been launched to reward those with "excellent" and "good" performance to motivate them to fulfill their duties and make greater efforts to maximize public interest. Through practicing an administrative accountability system, those with poor government performance are held accountable and main leaders or responsible personnel thereof should shoulder administrative responsibilities and face punishments. Laws and regulations have been set up and improved along with strict standards to give a sense of honor to outstanding performers and pressure to underperformers, so that when seeing a man of virtue, they think of equaling them, and when seeing a man of a contrary character, they turn inwards and examine themselves.

Hangzhou has made numerous attempts in performance rewards and punishments to better utilize the comprehensive appraisal results.

Since 2005, the annual comprehensive appraisal levels of participant departments have been divided into excellent (satisfactory), outstanding, up to standard, not up to standard, and lowest-ranking (unsatisfactory). Levels of non-participant departments have been divided into well-performed, advanced, qualified, and unqualified. Departments rated as excellent (satisfactory) and advanced among participant departments and those rated as well-performed and advanced among non-participant departments will be praised and given material rewards by the CPC municipal committee and government. The rewards include basic bonus, annual bonus, and bonus for outstanding performance, with the bonus for outstanding performance varying according to the levels of appraisal and positions. The annual bonus of staff in the unqualified departments will be deducted according to their position levels. The lowest-ranking

(unsatisfactory) participant departments and unqualified non-participant departments will be revealed by the CPC municipal committee and government to the public and the annual bonus of responsible staff will be deducted. If a department is rated as unsatisfactory or unqualified for three consecutive years, there will be adjustments on the administrative power of responsible leaders by the CPC municipal committee and the municipal government.

Since 2008, the "prominent progress award" has been set up in the comprehensive appraisal of the municipal government-affiliated departments. The top five "up-to-standard" departments (top three non-participant departments) with the biggest progress in total scores compared with last year receive the medal of "prominent progress award," while for departments with significant backsliding, causes should be analyzed and reported to the CPC municipal committee and government.

Since 2011, the "government innovation award" has been set up in the comprehensive appraisal of departments directly affiliated to the municipal government and district and county (county-level city) departments. The award is given to top 7 (later changed into top 10) departments directly affiliated to the municipal government with the highest scores in innovation projects and top 3 district and county (county-level city) departments with the highest scores in special innovation projects. In addition, the "government service quality award" has been set up to honor outstanding service projects with quality and benefits. After evaluating "quality promotion projects" submitted by departments directly affiliated to the municipal government according to the evaluation index and methods, three projects (should also rank among the top 30 in innovation project, or vacancies are allowed if less than 30) with the highest scores will be shortlisted.

Since 2012, the "effective improvement award" has been set up. Upon the completion of all improvements, responsible departments of key projects should be subject to inspection and satisfaction level evaluation. Departments ranking top five will receive the "effective improvement award."

Since 2013, the "individual task award in key projects" has been set up in the comprehensive appraisal. Rewards and punishments are given based on the goal assessment and social evaluation for specific areas. Departments that have completed individual tasks in key projects with outstanding performance will receive an award equivalent to 20–30% of the project value, the comprehensive appraisal award will rise by 10–20%, and results of which will be commended by the municipal committee and government in public announcement. Those that fail to meet the goals or have poor performance will see their comprehensive appraisal award down by 10–20%. Departments that win the "individual task award in key projects" and "award for outstanding performance" in comprehensive appraisal will be prized respectively. However, departments that win multiple individual task awards will be prized only once. In 2015, appraisal levels in districts and counties (county-level city) were improved. The original level "Fine" was divided into "excellent" and "good"; thus, the newly defined levels include: excellent, good, up to standard, and not up to standard. Taking "good" as the baseline, "Excellent" is 20% up in bonus, "Up-to-standard" is 70% of the base bonus, and "not up to standard" is 50% of the base bonus. Should any department receive two vetoes or rank the lowest in two appraisal

items in the year of appraisal, responsible district and county (city) Party committee and government thereof should submit a report on improvement measures to the CPC municipal committee and government.

Performance evaluation of civil servants in Hangzhou is also closely related to comprehensive appraisal results. Departments rated as excellent (satisfactory or outstanding) in last year's appraisal are allowed to have 20% of participating cadres evaluated as excellent, 5% higher than the average number. Public institutions managed according to the Civil Servant Law rated as excellent (satisfactory or outstanding) in last year's appraisal or goal assessment may have 18% of all participating cadres evaluated as excellent, 3% higher than the average number. However, departments rated as not up to standard (unsatisfactory) or unqualified in last year's appraisal may only have 10% cadres evaluated as excellent staff in this year's appraisal, 5% lower than the average number.

Hangzhou performance management regulations further lays down clear regulations on performance rewards and punishments. Article 32 states that performance evaluation results are important basis for policy adjustment, budget and staffing management, reward and punishment, as well as appointment and dismissal. Article 33 states that departments at or above qualified level in the appraisal should be awarded accordingly. Article 34 states that a note of criticism should be circulated for departments recognized as unqualified, and their direct leadership and responsible personnel be denied candidacy for excellent or advanced individual in this or next year's appraisal. Departments rated as unqualified for two consecutive years are subject to the above-mentioned regulations and the direct leadership and responsible personnel thereof should not be promoted within a year. Departments recognized as unqualified for three consecutive years are subject to the above-mentioned regulations, and the direct leadership and responsible personnel should be transferred from the current post, demoted, deposed, dismissed, or fired.

2. Performance Accountability

Performance accountability is an administrative procedure to track accountability based on the results of government performance evaluation and misconducts in performance management. It regulates government power and officials' behaviors through imposing responsibilities. It encourages efficient governance driven by clear government guidance and regulated government behaviors.[1]

To give full play to the role of performance accountability, we should put accountability and performance evaluation on parallel tracks. Performance evaluation is the precondition and basis for performance accountability, and performance evaluation results serve as reliable reference for conducting performance accountability. The performance evaluation and accountability systems need to be designed more scientifically. By following the principle of rewarding the excellent, addressing inaction, and punishing underperformers, the role of performance evaluation as a direction and incentives is fully leveraged. Moreover, great importance should be attached to

[1] Luo (2008).

the status of the public in performance accountability. On the basis of broad consensus reached on issues concerning government performance management, the public should be effectively involved in the whole process of government performance with information transparency. Proactive participation by the public will put government accountability systems into practice.

Hangzhou has made active explorations in standardizing performance accountability. In the *Performance Management Regulation of Hangzhou*, a whole chapter is devoted to specific regulations on performance accountability, including accountability requested by performance management authorities, by competent authorities or supervisory authorities, and accountability of performance management staff.

Scenarios of accountability requested by performance management authorities include: serious deviation from facts in self-appraisal; unjustified refusal to submit annual self-assessment report; failure to disclose performance information in accordance with the law, or hiding the truth and providing false performance information; obstruction of performance management duties by performance management authorities through withholding relevant documents and data. Where one of the above scenarios occurs, the performance management authorities will deduct scores in performance evaluation. Where major deficiencies occur, they will be criticized publicly. Where serious cases occur, such departments will be rated as unqualified in performance evaluation.

Scenarios of accountability requested by competent authorities or supervisory authorities include: failure to complete tasks assigned by upper-level authorities; failure to implement decisions and deployment of supervisory authorities according to the law; low efficiency and poor service quality that arouse strong public outcry; negligence of duty that results in damages to legitimate rights and interests of the public, citizens, legal persons, and other organizations; and mistakes in major decisions. If one of the above cases holds true, the competent authorities or supervisory organizations should commend a correction, and personnel in charge shall be punished according to regulations. If the misconduct is not serious, the relevant departments should be criticized, warned, or suspended of duty. If the misconduct is light, the relevant personnel can be free of punishment after improvement measures are taken.

Scenarios where performance management staff are held accountable include: low efficiency that seriously impacts performance management; failure to manage appeals or complaints that cause adverse effects; favoritism or abuse of power and leakage of secrets; and other dereliction of duty. If one of the above cases holds true, the competent authority or supervisory authority shall impose punishment according to regulations. If the misconduct is not serious, the relevant departments should be criticized, warned, or suspended of duty. If the misconduct is light, the relevant personnel can be free of punishment after improvement measures are taken.

Performance Management Regulation of Hangzhou sets clear regulations on full use of the evaluation results and on performance accountability. This puts greater pressure on government departments and officials. They are urged to exercise administrative duties according to the law and attach greater importance to promoting performance and efficiency, otherwise will face accountability accusations. One official

in charge once said "every performance evaluation is a test to our work style. Sloth governance takes us nowhere. The evaluation results reflect people's needs, and point the way forward for our policy adjustment, efficient governance and better work style."

Professor Liu Xutao, Deputy Director of the Department of Public Administration and Research of China National School of Administration and Director of Government Performance Evaluation Research Center, believed that the chapter on "performance accountability" is a highlight in *Performance Management Regulation of Hangzhou*. Most local departments in China are now more focused on violations of party discipline, government discipline, national laws and regulations, and safe production and environmental protection. Punishments are more focused on Party disciplinary, administrative, and judiciary measures. However, as there are no explicit legal definitions of "action and inaction," "good performance and bad performance," and "active work and inactive work," accusations become very hard, which inevitably leads to "inaction," "slow action," and "lazy governance" among officials. Hangzhou's mechanism not only promotes the rule of law in performance management, but also supplements the current accountability system. Performance accountability is an important tool to guarantee effective performance and enhances the rigidity of performance management. As such, it is an effective means to strengthen supervision, improve people-government relationship, and boost government legitimacy.

Reference

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Chapter 9
Performance Improvement



Performance improvement is an important part and foothold of performance management. The problems found in performance feedback need to be solved through performance improvement measures so as to achieve the goal of performance enhancement. This chapter introduces Hangzhou's specific practices in performance improvement from five aspects: day-to-day improvement, correction and rectification based on opinions collected, problem identification and solving, efficiency building, and innovation and excellence.

1 Day-to-Day Improvement

Day-to-day improvement refers to targeted rectification work conducted according to the problems found in performance information and objective management. In the government performance management of Hangzhou, day-to-day improvement is mainly carried out in two ways: performance improvement notification and special performance surveys.

The main action taken to improve day-to-day work is the *Performance Improvement Notification for Departments Directly under the Hangzhou Municipal Government* (hereinafter referred to as the *Performance Improvement Notification*). Starting from 2009, to address the concentrated or recurring problems in a certain time period, the Hangzhou Municipal Performance Review Office (hereinafter referred to as PRO) would issue a *Performance Improvement Notification* to promptly urge responsible departments to make correction and rectification and request them to submit a statement explaining such facts within 10 days, present handling measures, and report handling results via sending back the *Performance Improvement Feedbacks*. If necessary, the rectification results may be reported in multiple times. To ensure implementation of correction and rectification measures, PRO would organize inspection and evaluation activities. The establishment of the *Performance Improvement Notification* mechanism is derived from the performance improvement concept of "improvement upon identification," which is beneficial to the responsible depart-

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ments to identify problems existing in the work in the first place, take targeted and efficient rectification measures, solve problems in a timely manner, and avoid stumbling existing problems or accumulating and magnifying them in subsequent work, thus will improve and promote departmental performance.

The problems found in the *Performance Improvement Notification* are mainly derived from performance information, objective process management, and special performance surveys. PRO has established a performance information database and third-party specialized agencies and performance information assistants are used to collect reports, reviews, suggestions, and complaints from the media, the social community, and relevant public opinion organizations regarding the performance of the departments directly under the Hangzhou municipal government.

In 2009, CCTV programs *News 30*" and *Economic New*s, *People's Daily*, *Xinhuanet, Zhejiang Jingshi News* and many other media or TV programs focused on reporting the construction quality issue of Hangzhou's affordable housing, including, "the quality problems of Hangzhou's affordable housing," "A Complete examination of affordable housing under construction in Hangzhou." After collecting information from all parties, PRO issued a *Performance Improvement Notification* to relevant responsible departments in a timely manner, requesting them to make a statement explaining relevant issues, conduct rectification, and give feedbacks promptly. This is the first *Performance Improvement Notification* issued by PRO.

After receiving the *Performance Improvement Notification*, relevant responsible departments conducted investigations and organized rectification without delay. At that time, the main problems of affordable housing reflected by the people were cracks on the wall and floor, hollowing paving and painting, water flashing, sweeping and leaking in balconies and bathrooms, and seal leaks around the plastic steel windows. Accordingly, the responsible departments carried out rectification from four aspects: urging rectification and implementing maintenance, conducting comprehensive inspection and strict supervision, filing case and media briefing, and holding relevant departments responsible to prevent similar cases. Meanwhile, the development and construction departments invited house owners on separate groups to recheck the affordable housing. Since then, the responsible departments strengthened rectification tracking and improved working mechanisms to achieve long-term management. They actively promoted standardized design and construction of affordable housing and continuously improved the construction quality of affordable housing.

In addition, another important means to discover problems is to conduct surveys on major work of the Party Committee and the government, on major livelihood projects, and on issues of wider public concerns. Methods including field investigation, satisfaction evaluation and in-depth interviews are used to discover existing problems and propose feasible countermeasures. Special performance survey is beneficial for the responsible departments to comprehensively and systematically grasp the problems arising from each link, improve rectification measures, and boost overall work performance. In 2012, the special performance surveys focused on the implementation of the "Young Eagle Project" and the "Enabling Young Talents" project, the management of urban affordable housing and public rental housing, the administrative service center's project of optimizing government environment, and the pension ser-

vice project; the survey in 2013 covered air pollution control, clean water pollution control, urban traffic congestion control, and development of the top ten industries; the survey in 2014 covered "a total of five water treatment," atmospheric pollution prevention and control, urban traffic congestion control, garbage disposal, pension service, e-mail station construction and the openness of school sports venues to the public; the survey in 2015 covered tiered medical diagnosis and treatment, smart public services, construction of comprehensive pilot areas, and e-commerce service stations construction in rural areas; the survey in 2016 included Hangzhou cross-border e-commerce industry innovation and development services, degree of order of key areas, scenic spot services, parking lot construction, reconstruction of villages inside cities, and alleviation of enterprise burdens.

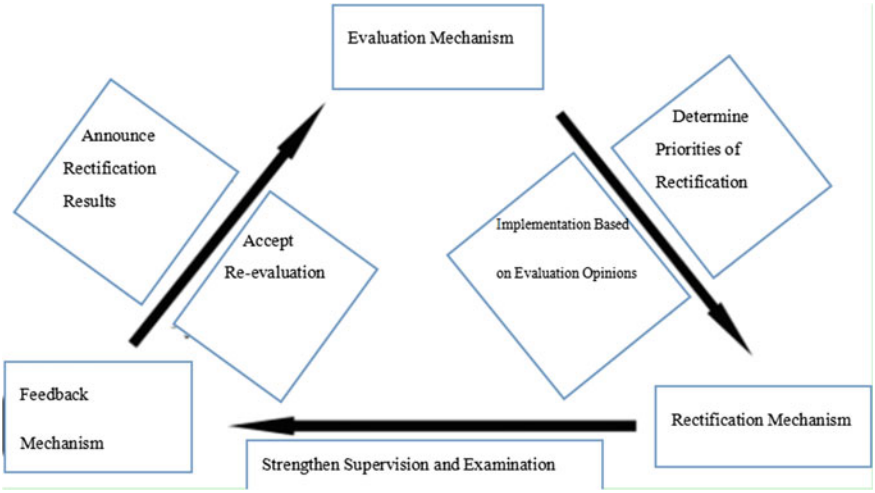
Through several years of surveys, a detailed report is generated and problems and rectification suggestions identified are reported to relevant responsible departments by virtue of the *Performance Improvement Notification*. The working mechanism has been gradually improved. The *Performance Improvement Notification* of 2015 mainly covers food safety, tourism supervision, environmental governance, taxi management, supervision on special equipment safety and pension services, while the *Performance Improvement Notification* of 2016 focuses on problems in urban and rural management and enterprise development. Once receiving the *Performance Improvement Notification*, the responsible departments will carefully study and analyze the causes of such problems and propose targeted rectification measures. Most responsible departments, in response, will make multiple feedbacks on the rectification progress to ensure that the problems found are basically solved.

2 Correction and Rectification Based on Opinions Collected

Correction and rectification based on opinions collected refer to targeted rectification according to opinions collected in social evaluation in order to improve performance. The main difference between day-to-day improvement and opinion-based rectification is that the former has a strong timeliness since rectification measures are made immediately after problems are found in daily work, while the latter is more a time node model since the targeted rectification is carried out after examining and analyzing the collected social evaluation opinions.

Since the implementation of the comprehensive appraisal and evaluation in Hangzhou, a mechanism for rectification based on social evaluation opinions has been established, including an evaluation mechanism, a rectification mechanism, and a feedback mechanism. In the comprehensive evaluation each year, PRO invites tens of thousands of citizens in nine fields of the society to participate in the evaluation so that they gain the right of say over evaluation, participate in satisfaction assessment, and provide opinions and suggestions for the government work so as to form an evaluation mechanism; PRO sorts out social evaluation opinions collected and transfers to relevant responsible departments, urging them to formulate rectification plans, clarify rectification objectives, and determine the priority of rectification,

thus developing a rectification mechanism; the key rectification objectives based on social evaluation opinions and rectification progress will then be publicized in the media, requiring the responsible departments to make commitment to the society on the rectification work and express their willingness to be subject to public scrutiny. In this way, a feedback mechanism is established.



2.1 Workflow of Rectification Based on Social Evaluation Opinions

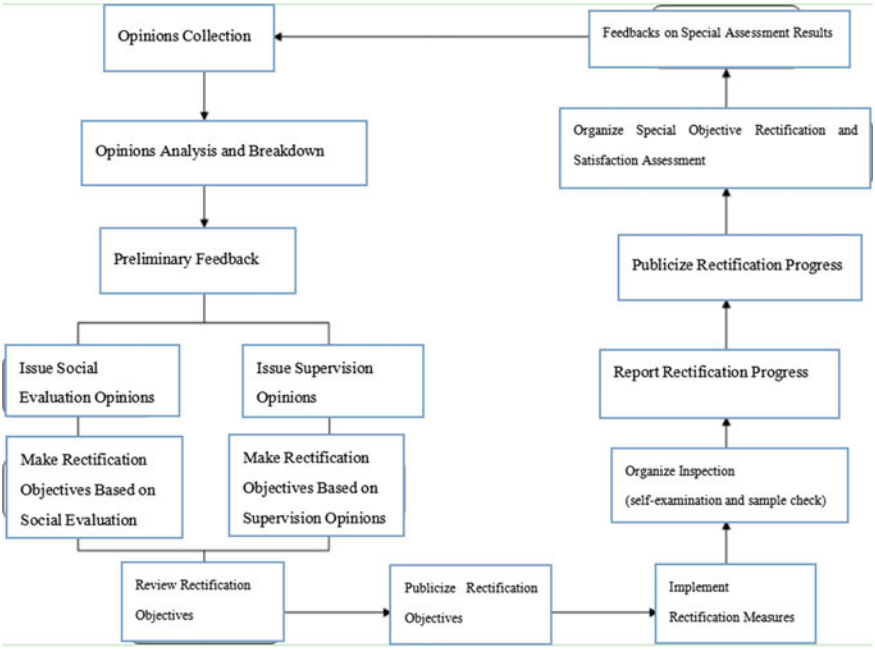
The workflow of rectification based on social evaluation opinions mainly includes five aspects, namely opinions collection, opinions analysis and breakdown, rectification goals setting, rectification measures implementation, and special evaluation.

In the comprehensive appraisal and evaluation every year, PRO receives tens of thousands of social evaluation opinions from the public and organizes personnel and resources to examine and analyze these opinions and suggestions so as to determine the responsible departments subject to rectification. Among them, the toughest issues concerned by the people which have been brought up repetitively for several years in social evaluation are listed as rectification priorities whose implementation work will be strictly followed and monitored by PRO.

Upon receiving such social opinions, responsible departments will re-analyze them and set out rectification objectives, and specify rectification measures and responsibilities on the most prominent issues with great social impact raised by the public. PRO, after reviewing the rectification objectives from such angles including, among others, their coverage, pertinence and feasibility, will officially designate the

responsible departments and publicize rectification objectives to make rectification commitments to the society.

In line with the rectification objectives, the responsible departments carry out rectification work in a planned manner, make necessary interactions in the rectification process, and report rectification progress to PRO on a regular basis. Through open investigation and undercover inquiry, PRO conducts sample checks on the rectification work on an irregular basis and gives feedbacks on the inspection results. At the end of the year, a joint inspection group designated by PRO will examine and evaluate the rectification results of all responsible departments and entrust a third-party agency to perform special satisfaction assessment on the rectification work. The feedbacks of the special evaluation results will be given to the responsible departments.


Opinions Collection
Feedbacks on Special Assessment Results
Opinions Analysis and Breakdown
Organize Special Objective Rectification and Satisfaction Assessment
Preliminary Feedback
Publicize Rectification Progress
Issue Social Evaluation Opinions
Issue Supervision Opinions
Report Rectification Progress
Make Rectification Objectives Based on Social Evaluation
Make Rectification Objectives Based on Supervision Opinions
Organize Inspection (self-examination and sample check)
Review Rectification Objectives
Publicize Rectification Objectives
Implement Rectification Measures

2.2 *Work Mechanism for Rectification Measures Based on Social Evaluation Opinions*

i. Special evaluation system for rectification based on social evaluation opinions

Hangzhou implements the special evaluation system for the rectification objectives based on social evaluation opinions, and PRO has thus formulated the *Measures for the Evaluation of Rectification Objectives Based on Social Evaluation Opinions*.

The evaluation of the rectification objectives is carried out from two dimensions, the "basic requirements" and "rectification outcomes." The "basic requirements" consists of "work breakdown and implementation," "objectives setting," and "process management," altogether accounting for 30% of the total score. The "rectification outcomes" include "implementation rate," "success rate," and "satisfaction rate," altogether accounting for 70%. According to the *Evaluation Measures,* a special satisfaction assessment will be conducted on major rectification objectives through a sample survey, a special evaluation of rectification based on supervision opinions will be conducted among service receivers, and a meeting will be organized to score and evaluate rectification progress.

PRO conducts regular inspections on key rectification objectives to strengthen supervision. During the mid-year inspection on rectification progress, PRO conducts sample inspections on the rectification objectives publicized by relevant responsible departments to push forward the implementation of rectification work.

The year-end evaluation on rectification objectives based on social evaluation opinions is mainly carried out through listening to reports, inquiries, field visits, symposiums, and checking accounts to see whether rectification measures have been broken down for implementation; clearly specify the responsibility of leaders, departments and primary contact staff, and make rectification objectives and measures accordingly; check whether the rectification work responsibility system has been established, including whether the responsibilities for leaders, implementation procedures and specific requirements have been made clear, and whether an inspection and evaluation mechanism has been built; check whether an account concerning the rectification work has been established and improved to record the work process and results of all rectification objectives and whether original documents have been attached. In the annual evaluation, the final score for the evaluation of the rectification objectives of different localities and departments is the adjusted sum of the score for special satisfaction assessment on key rectification objectives and the score for evaluation of opinion-based rectification objectives.

ii. Disclosure system for annual key rectification objectives based on social evaluation opinions

Among the large number of social evaluation opinions collected, those prominent issues expressed by the people with great social impact or issues that can be solved or effectively dealt within the current year will be listed as the key rectification objectives by responsible departments as required by PRO.

The publicity system for annual key rectification objectives based on social evaluation opinions is mainly to disclose the above-mentioned key rectification objectives, rectification progress, and rectification outcomes of departments directly under the Hangzhou municipal government via *Hangzhou Daily* or www.hzkpb.gov.cn. The key rectification objectives of district and county (county-level city) authorities are publicized in local newspapers and portal Web sites for the review and supervision by all sectors of the society.

iii. Linkage mechanism for following and supervising rectification work based on social evaluation opinions

In order to address the "difficult problems" left unsolved for many years, since 2012, PRO has been formulating a list of concentrated opinions on the most prominent issues expressed by the people, issues with effective outcomes foreseeable that year. A linkage mechanism has been set up to follow up on and supervise the rectification progress. PRO, the responsible departments and citizen representatives (performance information assistants) can make joint efforts and form the synergy to promote the implementation of the rectification work. As of 2016, 92 rectification opinions were supervised for implementation, covering such areas as education and health, public services, food safety, environmental protection, road congestion and parking difficulty, urban management, market supervision, and government governance.

In the linkage mechanism, PRO is responsible for overall planning and coordination, checks, and supervision, in order to ensure solution of the problems; the responsible departments play the main role of rectification by taking effective measures to promote rectification progress based on the needs of the public; the performance information assistants serve as advisors and facilitators. Through actively listening to the opinions of the public and conducting special investigations via various channels, they collect first-hand information and materials, making it possible to offer advices and suggestions to responsible departments, and supporting and facilitating smooth implementation of the rectification work.

iv. Incentive mechanism for rectification based on social evaluation opinions

Since 2012, in order to encourage departments directly under the Hangzhou municipal government to actively respond to the needs of the public and promote the implementation of rectification work based on social evaluation opinions, the "Award for Remarkable Rectification Outcomes" has been set to reward the top five leading departments in the evaluation of rectification objectives. Through rewarding excellent performers, this award serves as a positive stimulus to encourage more departments to push forward the rectification work and effectively respond to the requests of the public.

2.3 Typical Cases in Rectification Based on Social Evaluation Opinions

Setting rectification objectives based on social evaluation opinions and pushing for follow-up supervision by PRO will play positive roles in solving the key and difficult social issues. The following presents a brief introduction to two typical cases of rectification work: "Improving prepaid electricity metering device" and "optimizing medical resource allocation."

Case 2 Improving the prepaid electricity metering device (Electric Meter)

In 2008, "Improving Prepaid Electricity Metering Device (Electric Meter)" was listed as a rectification objective of the Hangzhou Electric Power Bureau. Shen Tian, a citizen of Hangzhou, conducted a follow-up investigation on this rectification objective and found that this problem existed in many provinces and cities across the country, which could not be solved by the Hangzhou Electric Power Bureau alone. Having studied the "2008 Hangzhou Key Rectification Objectives Based on Social Evaluation Opinions" publicized by PRO in *Hangzhou Daily*, he reported this to the State Electricity Regulatory Commission (SERC) and other agencies and actively appealed for reporting by the media. Zhejiang Television Station then produced and broadcast a 17-episode TV feature program on this issue, which aroused widespread concern in the whole country. Moreover, Shen Tian and others also filed legal procedures such as administrative reconsideration to the Legislative Affairs Office of the State Council. The state electricity department then released a notice specifically to stop the use of problematic electric meters, which not only helped to realize the rectification objective of Hangzhou Electric Power Bureau, but also benefit more than 8 million electricity users nationwide, reducing electricity payment of over hundreds of millions yuan for them.

This is a typical case in which the public leverages the work mechanism of rectification based on social evaluation opinions to strengthen the supervision on the public service department and prompt relevant responsible departments to perform their duties and assume their social responsibilities.

In the rectification work, departments directly under the Hangzhou municipal government actively leverage the mechanism of "democracy promotes people's livelihood" to do practical things for the people, solve their problems, better tackle specific issues in economic and social development, and enhance people's sense of gains. District and county (county-level city) authorities, in light of local conditions, have actively explored a linkage mechanism between the city-level and the county-level authorities. Rectification objectives are integrated closely with the local work of the year, and rectification results are incorporated into the local evaluation system. Such results are directly counted into the evaluation of subordinate departments and departments at village and township levels, thus playing active roles to solve livelihood issues and promote scientific development.

3 Problem Identification and Solving

Problem identification and solving aims to rectify systemic problems with integrated policies based on comprehensive and in-depth consultation and analysis. Identifying and addressing problems are a distinctive performance improvement mechanism created by PRO. By using resource advantages of performance management, performance management authorities, relevant responsible departments, experts, stakeholders, and media work together to organize special surveys on targeted issues and

help different localities and departments to analyze and study on prominent problems in their work. Issues such as inadequate sharing of public resources, mismatch between project construction and management, insufficient departmental coordination and lack of long-term mechanism are analyzed in a systematic manner, and discussions are held to provide solutions in order to improve performance management level.

Case 3 The price issue in the supermarket

In the social evaluation opinions of 2007, there were a large number of opinions concerning the high prices in a large supermarket in Hangzhou. Moreover, the "Civil Hotline" program co-sponsored by Hangzhou Office for Rectification, PRO, and the Efficiency Building Office also received complaints from many citizens about the price issue in the supermarket. It was found after site investigation that the prices of many commodities in this supermarket were indeed higher than that of other supermarkets, which was attributed to their business positioning and marketing strategies as well as particular market advantage of being the exclusive pilot supermarket using electronic consumption cards in Hangzhou.

To solve this problem, PRO, together with the Hangzhou Municipal Supervision Commission, convened a special meeting between relevant departments of Hangzhou Municipal Price Bureau, Hangzhou Municipal Trade Bureau, and Hangzhou Commercial Asset Management Company, responsible persons of the "Civil Hotline" program and citizen representatives. The participants agreed that the issue of higher price in this supermarket did exist, which obviously lacked rationality though it did not constitute a substantial price violation, but somehow pointed to the lack of social responsibility on its owner. In this regard, relevant departments stepped into actively and earnestly formulate rectification measures in order to create a market environment for full and fair competition. For example, regularly publicizing prices of major daily necessities of the same categories and specifications in different supermarkets would alleviate the information asymmetry and facilitate people's selection and supervision on supermarkets. For problems existed in the pilot supermarket, it was recommended that a study should be performed in a timely fashion, so that adjustment could be made, and management would be strengthened.

According to the opinions of the meeting, relevant departments actively implemented rectification measures. The then trade bureau of Hangzhou relaxed the control on the pilot of electronic consumption cards so that all commercial enterprises could adopt it under a fair market environment guided by government supervision. Hangzhou Municipal Price Bureau selected 19 large-scale shopping malls, supermarkets, and chain stores with a certain scale of operation and influence in the urban area of Hangzhou and regularly released the prices of hundreds of grains and oil non-staple foods, daily consumption goods, and durable consumer goods closely related to people's lives through *Hangzhou Daily* and other media. In this way, the information disclosure system for the price of necessity goods was established. Since the implementation of the price information disclosure system, the supermarket lowered prices of 1549 commodities, with an average price reduction of 9.97%. Other shopping malls and supermarkets also lowered the prices of necessity goods. This price

information disclosure system promoted by Hangzhou placed multiple constraints on the independent pricing right of enterprises from public evaluation, social opinion, administrative guidance and market supervision, thus was a major breakthrough and innovative practice in the effective supervision on commodity prices.

From discovering, investigating, identifying, and addressing the supermarket price problem to bringing about effective rectification outcomes, PRO has explored a set of methods for identifying and addressing prominent problems in government performance management. When conducting performance analysis and problem identification, it is necessary to timely discover the critical contradictions and problems in government performance management. Relevant departments, experts and scholars, the public, media and representatives from all walks of life need to be involved to propose systematic solutions through special studies, consultative meetings and assessment, and implementation measures should be effectively carried out. Conducting problem identification work is conducive to constantly adapting to the new requirements of performance management, improving the comprehensive evaluation index system and evaluation methods, developing a mechanism for problem-solving, strengthening collaboration between departments, and effectively improving overall government performance to deliver satisfactory outcomes for the people.

Problem identification and solving can clarify thoughts, seek methods, set clear objectives, and form a co-governance pattern to solve some "long-standing big and difficult problems." After years of practice and exploration, it has become a new approach and means for Hangzhou to improve government performance. Article 19 of the *Performance Management Regulation of Hangzhou* clearly stipulates that "Performance management authorities, relevant performance management departments, and responsible departments should systematically analyze prominent problems in performance management, come up with countermeasures to improve performance management and invite experts and stakeholders to participate if necessary." With the in-depth development of government performance management, problem identification and solving will gain bigger weight in practices.

In *Public Comments on Government Policies*, a transparent governance activity in 2016, problem identification and solving was formally incorporated into the governance process as the second stage of such transparent governance activity. Specifically, it included five major steps: First, follow up and supervision. Citizen representatives including the CPC member, NPC member, and CPPCC member, performance information assistants, special invited inspectors, public opinion observers and citizen supervisory groups were mobilized to collect information, identify problems, and put forward opinions and suggestions through individual visits, inspections, and talks; Second, organize consultative meetings: Focusing on specific transparency topics, the responsible departments, experts and scholars, citizens, media commentators were invited to *Our Roundtable* of Hangzhou Television Station to discuss, report work, analyze existing problems and propose governance solutions; Third, openly seek advices from citizens: This was done through the municipal media, *hz.gov.cn*, *Hangzhou Performance* WeChat account and other platforms; Fourth, conduct special performance surveys, which was mainly on the work and progress of departments concerned; Fifth, report problems: Problems and opinions collected in previous steps

were summarized and reported to relevant departments. The work in the five steps of the second stage laid a good foundation for the third stage, which was the TV governance activity.

Different from rectification on a single problem or rectification in phases, problem identification and solving are committed to resolving deep-seated and systematic institutional contradictions and problems and give priority to the long-term effect of rectification results. Conducting problem identification and treatment work carries a big weight in improving government performance management, strengthening governance capabilities, and promoting governance modernization.

4 Efficiency Building

Efficiency Building is an important means for government agencies to strengthen capacity building and management. It is also an important measure to transform government work style and improve administrative efficiency. Efficiency building focuses on the optimization of systems, procedures, and norms in public services and government capacity building, which is improvement on issues of generality or commonality in government agencies. This section introduces the basic practices of efficiency building in Hangzhou from four aspects: eight systems for efficiency building, evaluation system for window service units of the government, approval agent system for investment projects, and evaluation on administrative efficiency indicators.

4.1 Eight Systems for Efficiency Building

To promote standardized behaviors of government agencies at all levels, improve administrative efficiency, transform work style, and strive to create satisfactory services for the people, Hangzhou launched eight systems for efficiency building in 2004 according to the instructions of the Zhejiang Provincial government. Focusing on building "clean, diligent, pragmatic, and efficient" government agencies, and by following the requirements of innovative reform, transformation of functions, and strict management, a series of systems have been developed. Taking enhanced supervision as the means and service optimization as the goal, these systems cover eight areas, including the post responsibility system, the service commitment system, the system of time-bound administrative process, the preliminary-contact accountability system, the AB duty system, the accountability system for dereliction of duties, the reporting and filing system for administrative disapproval decisions, and the system of one-time notification by window services units of public departments.

First, the post responsibility system: Bearing in mind the fixation of posts and staff number and the principle of "simplification, efficiency and unity," government departments of all levels should clearly specify the responsibilities, workload and expected

outcomes of each unit and post in the management process, and the corresponding procedures, standards, timelines, rights, and duties. Posts should be designed in a reasonable manner so that with clear distribution of responsibilities, assignments can be easily broken down for implementation and performance evaluation. This practice can create a sound system with clear responsibilities assumed by different staff, thus preventing prevarications and complaints.

Second, the service commitment system: All levels of government agencies, especially public window service departments, should disclose the service items, contents, procedures, standards, references, and methods to the public according to relevant laws, regulations, and provisions, so as to commit themselves to provide quality and time-bound services. To honor their commitment, government agencies should focus on major and difficult issues in the interest of the people. They should make their commitment in a simple and clearly cut way and honor their commitment by taking concrete steps.

Third, the system of time-bound administrative process: In accordance with laws, regulations, and relevant provisions, government agencies at all levels shall process the management items within a specified time frame. Where clear timelines are not given in laws, regulations, or rules, a reasonable timeline should be made based on specific scenarios and such service commitment should be made to the public. Matters assigned by authorities and leaders of higher levels should also be handled in a timely manner.

Fourth, the preliminary-contact accountability system: When receiving visits or administrative applications from the citizens, the preliminary staff receiving such applicants is the preliminary responsible person. If the problem or request presented by the citizens is within the duties of the preliminary responsible person, he shall handle it or reply earnestly, and give one-time notification of all related procedures and requirements, and process whatever procedures within his capacity in a timely manner. For items lacking supporting documents, explanations should be given with patience. For items that fall outside of his duties, the preliminary responsible person should notify the applicant of the specific responsible department and its location. Behaviors of shirking responsibility or impoliteness in attitude are unacceptable. If needed, the preliminary responsible person shall liaise and coordinate with the responsible department for the applicant.

Fifth, the AB duty system: While ensuring reasonable post design and clear responsibilities, government agencies at all levels should implement the AB duty system, under which when person A cannot undertake the work due to business trips or other reasons, person B can replace him and assume responsibility. Person A and B should be relatively fixed, and such posts shall not be vacant. The AB duty system should be made compulsory in all public service departments particularly posts that are responsible for approval, review, certification, registration, etc. If necessary, AB duty system should be practiced in all posts. All departments should report their implementation of AB duty system to the personnel department of the same level and be filed at the administrative approval center. Such information should be disclosed to the public.

Sixth, the accountability system for dereliction of duties: Violations of work style and efficiency rules by government staff due to failure in performing or properly performing their duties, and behaviors that incur losses to the government and the people due to inadequate government attention and lack of system enforcement shall be treated according to *Disciplinary Measures for Service Attitude and Efficiency of Government Staff of Hangzhou (for Trial Implementation)* and *Opinions of the CPC Hangzhou Municipal Committee and Hangzhou Municipal People's Government on Implementing the Regulations of the Responsibility System for Building an Honest and Clean Government by the CPC Central Committee and the State Council,* and *the Chinese Communist Party Disciplinary Regulations.* Directly responsible personnel or relevant staff violating such rules and regulations shall be subject to punishment, administrative, and disciplinary actions. Criminal activities, should there be any, will be investigated by judicial departments.

Seventh, the reporting and filing system for administrative disapproval decisions: In administrative management, when requirements or applications submitted are negated or rejected by government agencies at any level, the handling personnel or departments shall timely report to the responsible person or authorities of higher levels in standardized documents within a specified time frame. The applicants shall be notified of such decisions of disapproval, with reasons recorded and filed. Decisions on major or difficult issues shall be reported to the responsible leader prior to such disapproval decisions and any unauthorized decision is not allowed.

Eighth, the system of one-time notification by window services units of public departments. When public window service units at any level receive administrative applications or consultation inquiries, in case rejections need to be made due to incomplete documents or unmet qualifications, the handling personnel shall inform the applicants of the procedures, materials, and reasons for rejections all at once. Oral notification is the usual form. *One-time Notification Form* needs to be filled in by the handling personnel if written notification is requested by the applicant.

Sound systems are strong guarantee and foundation for efficiency building in the government. System building is integrated into each aspect and link of efficiency building in government agencies. Responsibilities are clearer driven by a responsibility system, service requirements are well specified with a commitment system, the government becomes more transparent with a disclosure system, supervision on government work is enhanced with a public comment system, and strict discipline can be ensured with the accountability system for dereliction of duties. With these systems, a government management mechanism guided by laws, systems, rules, and regulations has been established to ensure that personnel and work is guided by sound systems.

Establishing and improving the eight systems for efficiency building are conducive to enhancing government management, transforming work styles, improving efficiency, and capacity of government staff. This will facilitate implementation of policies of the Party and the government, build a clean government and raise people's satisfaction.

4.2 Evaluation System on Services Provided by Public Service Windows

The evaluation system on services provided by public service windows is a system established and implemented on the basis of the eight systems for efficiency building with the goal to further transform government work style, improve efficiency, and create a better development environment. With an electronic service evaluator installed at the service windows as the main tool, a standard service evaluation system applies to all window units, so that all service receivers can give their satisfaction ratings. The assessment results are included into the comprehensive performance evaluation of municipal government-affiliated departments.

To promote the smooth implementation of the evaluation system, the Hangzhou municipal government has successively issued the *Evaluation System in Public Service Windows of Hangzhou* and *Measures for Implementing Evaluation System in Public Service Windows of Hangzhou.* By the end of September 2010, the service evaluation system was fully implemented in the public service window units of the whole city.

The *Evaluation System in Public Service Windows of Hangzhou* provides standard work mechanisms from four aspects, the evaluation object, the content, the form of service evaluation, and the results disclosure and application.

In terms of the object of service evaluation, it is stipulated that all service windows provided by administrative agencies of Hangzhou or those entrusted to be built by administrative agencies to provide services for enterprises and individuals shall be subject to supervision of the applicants (service objects). As for the content of service evaluation, the service attitude, service quality, and service efficiency of administrative agencies or service windows are evaluated by virtue of three grades: satisfied, basically satisfied, and unsatisfied. Regarding the form of service evaluation, administrative agencies or service windows at all levels may adopt on-site evaluation methods such as service evaluation devices or service evaluation forms, or online evaluation and SMS evaluation to accept the service evaluation of each applicant (service object). All the service evaluation results will be incorporated into the database in the Hangzhou Digital Evaluation System. In terms of the disclosure and application of service evaluation results: Firstly, administrative agencies or service windows at all levels should take the evaluation results from applicants (service objects) as the main performance indicators of service windows, an important reference for examining and improving their work performance, and the development direction to enhance people's satisfactions. PRO is responsible for summarizing, processing, and disclosing the evaluation information of window services provided by departments directly under the municipal government. Such results are also incorporated in the annual comprehensive evaluation of these departments; Secondly, administrative agencies or service windows at all levels should release to the public the service evaluation system inconspicuous place to ensure the right to know, evaluate, and supervise by applicants (service objects). Hangzhou Municipal Supervision Commission is responsible for the routine supervision on administrative agencies or

service windows at all levels in their implementation of the service evaluation system; Thirdly, administrative service centers at all levels should give investment approval personnel the right to evaluate and supervise the approval service windows, and such evaluation results shall also be calculated, with a certain weight, in performance evaluation of these service windows.

According to the *Evaluation System in Public Service Windows of Hangzhou*, applicants can evaluate the overall management service level, efficiency and behaviors of the window service staff through the service evaluation system. Upon completion of the services, the window staff actively trigger the evaluation system so that the service object can give ratings on the service received. There are six service evaluation options: *satisfied*, *basically satisfied, bad attitude, long processing time, unskilled,* and *to be improved.*

The *Measures for Implementing Evaluation System in Public Service Windows of Hangzhou* has been formulated to further strengthen efficiency building of public service windows in Hangzhou and promote the implementation of the evaluation system on window service units of public departments. It clearly specifies implementation details of the evaluation system from nine dimensions, including the overall requirements, evaluation scope, basic principles, criteria, standards, data processing, evaluation system acceptance, evaluation results release, appraisal and optimization, and management requirements.

The *Measures for Implementing Evaluation System in Public Service Windows of Hangzhou* has strengthened management on the service evaluation system: "The implementation of the service evaluation system in public service windows is included in the comprehensive evaluation as a special evaluation objective and the evaluation results serve as an important reference for the selection of outstanding service window units (administrative service centers) of Hangzhou."

Seen from the evaluation results of public service windows in Hangzhou in the past two years (see Table 1), the evaluation rate and the average satisfaction rate maintain at a high level. The evaluation system on the services provided by public service windows puts pressure on relevant public departments and has greatly pushed them to improve the level and quality of services.

Establishing and implementing the evaluation system on window services of public service departments are a major measure of Hangzhou to further optimize the development environment. It is of great significance for implementing the strategy of building a "city based on good environment" and further solving the difficulties of "getting things done." The service evaluation system is an important measure to

Table 1 Evaluation results of public service windows of Hangzhou

Time	Number of cases handled	Number of evaluations	Evaluation rate (%)	Average satisfaction rate (%)
2015	2,716,530	2,531,543	93.19	99.89
January–May 2016	1,239,007	1,111,673	89.72	99.86

strengthen the efficiency building of administrative agencies and meet people's satisfaction, and the evaluation result is an important component of the evaluation on the work of the government and a reference for the selection of excellence. Implementing the evaluation system is conducive to safeguarding people's rights to comment and supervise, further improving the service quality of public departments and making it easier to "get things done."

4.3 Approval Agent System for Investment Project

Through a series of measures such as comprehensive evaluation, efficiency building, administrative approval system reform, and a three-level administrative service system, Hangzhou has continuously improved its service level for the people and greatly improved the investment environment. However, as the most extensive and complicated item in administrative examination and approval, the approval of investment project is still plagued with excessive procedures, long period, and low efficiency, which has hindered the further optimization of the development environment. In this context, the Hangzhou Municipal Party Committee and the municipal government decided to establish an agent system for approving investment project on the basis of centralized management of investment projects in 2008.

There are six basic principles for the approval agent system for investment projects: (1) Voluntary application. Investors can apply for approval of an investment project that is located in Hangzhou if it meets the requirements of agent approval. After signing the agency agreement and clarifying the corresponding rights and obligations of the applicant and the entrusted agency, the special agency set up by the government will handle the relevant approval matters; (2) Free of charge: The special agency set up by the government for projects approval charges no service fees except for costs paid by investors according to laws and regulations; (3) Whole-process service: After the agency undertakes the entrusted project, the specially assigned person (agent) should provide full services within the scope of the entrusted work; (4) Legitimate and efficient: The agency provides investors with high-quality and efficient services, which shall comply with laws and regulations without doing any harm to public interest or legitimate rights and interests of investors; (5) Linkage between the upper and lower departments: Relying on a three-level administrative service system, a three-level agency service network has been structured in the city, districts, counties (county-level cities), and towns (streets) featured by division of responsibilities, cooperation, and a sound mechanism; (6) Reform in an all-round way: While implementing the agent system, efforts are made to deepen administrative examination and approval reform, promote system building for investment project approval, and improve approval efficiency and service quality.

Projects eligible for agent services are mainly fixed asset investment projects (excluding operational real estate development projects) in Hangzhou that match perfectly with industry development direction. Priorities are given to projects of private enterprises, projects involving foreign investment, projects of national and

provincial government-affiliated departments, and key projects identified by governments at all levels (excluding investment projects entrusted by the government to be built by enterprises).

Service items offered by the approval agent system include administrative examination and approval items and public service items. The administrative examination and approval of investment projects cover the whole process from the project establishment to project start-up; public service includes all the procedures of public service items such as power supply, water supply, gas supply, drainage, communication, and network. The above-mentioned items or part of them can be handled by the agent according to the requirements of investors and such services may be extended in accordance with the basic principles and actual conditions of the agency system. For technical services offered by intermediary organizations, the investor has full discretion as to the selection of any specific organization as it does not need any approval. The entrusted agent shall give support and assistance. Where certain criteria are met, the agent may also provide such intermediary services.

The implementation of the approval agent system has achieved remarkable results: First, it has facilitated project approval. Through the implementation of the agent system, pending projects have been put on fast track, thus the long-standing difficult cases have been dealt with effectively. In the year, when the agent system was fully implemented, a total of 1456 projects were handled, 4322 home visits were conducted, involving 8547 persons. In total, 5059 service items were approved, and 692 difficult issues were solved. Among them, 267 projects were approved by Hangzhou municipal government for agent service, 1983 home visits were conducted, involving 4358 persons, and 1823 service items were approved. Altogether 317 difficult issues were solved, and substantial progress has been made on about 20 projects that had been put on hold for more than one year. Second, the investment environment has been improved. Thanks to the agent system, the examination and approval matters are handled by the agent instead of the investor and multiple approvals are replaced by one-time operation, which effectively solves problems for enterprises, and creates a good investment environment and image for Hangzhou. Third, the administrative examination and approval service system has been further improved. With the agent system, problems in approval items, processes, procedures, and mechanisms are discovered, analyzed, and summarized in order to make targeted enhancement. The agent system also helps to create a window of opportunity to solve difficult issues and makes it easier to get things done and right. It serves as guidance and nurtures favorable public sentiment on approval system reform and approval service improvement.

The approval agent system for investment projects, as an attempt by the government to improve investment environment and solve the difficulties in project approval, is an effective measure to enhance government efficiency. However, in the long run, the government should actively develop an array of specialized intermediary service centers based on market demand and lawful practices and gradually withdraw from such agent service. The practice of Hangzhou demonstrates that it is exactly on such a path.

4.4 Evaluation on Administrative Efficiency Indicators

In order to improve government efficiency and create a better government environment, PRO and relevant departments such as the Commission for Discipline Inspection of the CPC Hangzhou Municipal Committee, Supervision Commission, and the Examination and Management Office of Hangzhou Municipality have jointly established the evaluation system on administrative efficiency indicators for departments directly under the Hangzhou municipal government.

There are two parts in the evaluation system on administrative efficiency indicators, the comprehensive index indicator, and the annual work indicator. The comprehensive index indicators consist of four first-level evaluation indicators including "approval efficiency, approval quality, transparency, and satisfaction of applicants" and five secondary evaluation indicators including "on-time completion rate, standard operating (accuracy) rate, transparency, applicant satisfaction and performance complaint handling rate" of window services; annual work indicators consist of three first-level indicators including "optimization of government environment, operating quality of service evaluation system, and efficiency monitoring of major investment projects." There are also seven objectives split in phases including *system implementation rate*, *project enrollment rate*, *entry, application and timely uploading rate of approval documents, implementation and evaluation rate of intermediary service*, *real-time transmission, use and evaluation participation*, *data filing rate*, and *system operation rate*, covering all objectives needed to improve government environment. The administrative efficiency indicators are mainly evaluated through routine evaluation and notification on a regular basis.

In terms of comprehensive index indicators, the on-time completion rate of window service units is to evaluate the ratio of items completed on time among all cases handled at the windows of "service centers"; by standard operating (accuracy) rate of window services, it aims to evaluate the degree of standardization of window services and the rate of error; by transparency, it aims to evaluate the degree of openness of such documents, policies, and results to the public; by applicant satisfaction, it aims to assess the satisfaction by the people on the window service; the complaint handling rate is to evaluate the following possible scenarios: timely feedbacks and treatment of complaints, earnest attitude toward applicants, repeated complaints (twice or above) due to inadequate attention, perfunctory handling or untimely implementation of rectification measures, inconsistencies without justification between the complainant's opinions and the 96,666 Complaint Center's randomized follow-up survey, and cases where punishment is given after an issue is re-investigated and confirmed by 96,666 center but was denied previously by relevant departments.

In terms of annual work indicators, the service window system implementation rate is used to evaluate performance of the windows on a quarterly basis. The three ranked at the bottom would have their points deducted. The project enrollment rate is to evaluate whether projects entering into the approval process "phase 5" account for 80% of the total eligible projects. On the entry, application and timely uploading rate of approval documents, the goal is to evaluate whether these three indicators

all reach 100%. On the implementation rate of intermediary service, the goal is to evaluate whether a directory management system is applied to intermediary services. The aim of the evaluation rate of intermediary services is to ensure that it reaches 80%. The indicator of real-time transmission, use, and evaluation participation is to evaluate real-time data transmission, with a particular focus on the data usage rate and evaluation participation rate. Data filing and system operation aim to check the data filing situation and implementation of rectification measures.

The evaluation system on administrative efficiency indicators covers multiple fields such as efficiency building, evaluation on window service units of public departments, and approval agent system for investment projects. By setting administrative efficiency indicators, departmental efficiency can be quantified to enhance the rigidity and operability of performance evaluation. Moreover, applying a point deduction mechanism in government efficiency evaluation can improve the efficiency of all departments, set a right work attitude, enhance service quality, promote overall efficiency building, in order to generate the expected outcomes of performance improvement.

5 Innovation and Excellence

Innovation-driven development is an important measure of the government to actively reform and improve government performance. It focuses on innovation and long-term effect of performance improvement. Based on the comprehensive evaluation system, Hangzhou has established an innovation promotion mechanism to encourage different localities and departments to actively explore innovate ideas, mechanisms, and methods so as to solve prominent contradictions and deep-seated problems in economic and social development, constantly promote governance innovation, improve government performance, and enhance people's recognition and satisfaction.

There is a profound social background for government innovation of Hangzhou. The science and technology revolution with information technology at its core and the economic globalization has increased global productivity and provoked profound changes in the global economic structure and interests. It is true that each round of scientific and technological revolution brings both opportunities and challenges for a country and a city. In response to this historical opportunity, Hangzhou has set the strategic goal of building an innovative city with a view to improve its independent innovation capability. The Hangzhou Municipal Party Committee and the municipal government have integrated independent innovation capabilities into all aspects and links of work in the city. The government encourages social innovation through setting a good example of government innovation, gives priority to innovation system and environment, focuses on performance enhancement and creates an innovation-driven government and urban planning. The ultimate goal is to solve people's most urgent livelihood issues that are most pressing and most immediate to their everyday

lives. Over the years, a number of innovative projects have been implemented in various localities and by different departments, resulting in significant social, political, economic, and management benefits.

5.1 Stimulate Innovation by System Design

The evaluation mechanism on innovation performance objectives in Hangzhou's comprehensive evaluation is mainly composed of three processes: First, the project approval process: Upon the voluntary application from all departments, performance assessors will evaluate the legality, necessity, feasibility, breakthrough nature, and expectation of such innovative projects; Second, the evaluation process: Performance assessors will evaluate the implementation of the innovative projects, which is the core part of the evaluation mechanism; Third, the follow-up process: PRO will follow up the operation, progress, and outcomes of approved innovative projects on a regular basis to ensure innovation in a pragmatic way.

The evaluation mechanism on innovation performance objectives has been continuously improved in practice. In 2011, on the basis of a comprehensive review of the work over the years, it was decided that projects that helped to improve service quality should be included in the documents submitted for the evaluation of excellent departments directly under the Hangzhou municipal government. Government service quality evaluation was conducted, and the *Evaluation Index System and Evaluation Methods on Government Service Quality* was formulated to evaluate the "service quality improvement" projects submitted. The "Government Service Quality Award" was also established to reward the top three outstanding projects. To encourage the innovation enthusiasm of different localities and departments, the "Innovation Award" was set up to give extra incentives to outstanding projects with high scores (top ten departments directly under the municipal government and top three departments under district, county[country-level city] governments). By 2015, 10 projects won the "Government Service Quality Award" and 58 projects won the "Innovation Award," among which the "Open Decision" project applied by the General Office of the Hangzhou municipal government and the "Government Management and Public Service Standardization" project applied by Shangcheng District also won the 5th and 7th "Award for Innovation and Excellence in Chinese Local Governance."

In 2012, PRO released the *Guideline for Innovation of Hangzhou Municipal Government,* in which a total of 58 topics were identified, covering six aspects of economic, political, cultural, social, ecological and governance issues according to the principle of "highlight priorities and demonstrate direction." These topics served as references for CPC and government bodies at all levels to choose, so as to enhance the practicality and social effects of innovative projects and achieve innovation-driven development.

In 2013, the evaluation on innovation performance objectives was changed from a "participatory bonus point system" to an excellence selection system of "competition and elimination," and departments were evaluated according to the principle of "vol-

untary application, performance evaluation, and excellence selection." Two rounds of expert evaluations were conducted: The first round was professional review by sectoral experts and 20% of the total applied projects were eliminated. The second round was comprehensive evaluation. The score of the first round accounted for 30% of the total score and that of the second round accounted for the rest 70%. Based on the results of the two rounds of performance evaluation, 10 winners were selected for Innovation Award, Innovation Nomination Award and Innovation Encouragement Award, respectively. Winners of such awards gained an extra of 0.8, 0.5, and 0.3 bonus points in the comprehensive performance evaluation. If such score addition led the applicant to a higher ranking, it should not interfere with existing departments on the excellent list. The competition-based model for excellence selection created an opportunity to detach innovation score from a fixed ranking in the comprehensive evaluation. This helped to solve the problem of innovation for the sake of innovation and encouraged departments directly under the municipal government to strive for innovation while not forgetting their duties. Meanwhile, competitive evaluation could encourage and guide pragmatic innovation, so that truly brilliant innovative projects could stand out. From the satisfaction surveys among service beneficiaries of special innovative projects applied by district and county (county-level city) authorities that year, the social effect of these innovative projects was demonstrated objectively. It offered a new dimension to the evaluation of innovative projects, filled in the gap in service beneficiary comment on government innovation, thus providing a new reference for accurate assessment of innovation outcomes of local governments.

Introducing the bonus point system to the evaluation mechanism on innovation and excellent performance will give government departments a strong incentive to enhance performance. From the changes in rankings of the Innovation Awards between 2013 and 2015, one may see the large impact of the bonus point system on the results of comprehensive evaluation, both in terms of total score and ranking. Winning the Innovation Award, Innovation Nomination Award and Innovation Encouragement Award will have significant impact on the total score, ranking and grade in the comprehensive evaluation.

In the comprehensive evaluation in 2015, among the participating departments, 22 saw their rankings increased after adding bonus points, accounting for 73.3% of all departments with innovation bonus points. Among them, 11 departments got into a higher level, accounting for 36.7% of all departments with innovation bonus points. Among the non-participating departments, seven had their rankings increased after adding bonus points, taking up 70% of all departments with innovation bonus points, and five departments got into a higher level, accounting for 50% of all departments with innovation bonus points.

The innovation bonus point system fully reflects the guiding and stimulating role of comprehensive evaluation, incentivizes the innovation enthusiasm and initiatives of departments directly under the Hangzhou municipal government, and injects new vitality into government performance improvement. PRO organizes regular reviews, or the "look back" activities on innovative projects, and with that, nearly 80% of projects are able to maintain normal operation with strong sustainability. Moreover,

some projects have gradually formed the picture of multi-dimensional innovation, making great contribution to improving the overall performance of government management of Hangzhou.

5.2 Promote Problem-Oriented Innovation

There are many prominent issues in the modern society, such as uneven distribution of educational and medical resources, inadequate coverage of social security, poor infrastructure that leads to unmet needs of urban production and living, the growing dilemma of "traffic congestion and insufficient parking lot," stronger "heat island effect" in the city and deteriorating urban air and water quality due to illegal sewage discharge by enterprises, and urban culture homogenization. To solve these problems, innovative thoughts and solutions as well as effective tools and methods are needed. Hangzhou's comprehensive evaluation and performance management have a powerful function to discover problems, analyze problem, and break them down to different categories to relevant responsible departments. These departments are encouraged to make active rectification instead of hiding existing problems or shirking responsibility. They take the initiative to solve problems, dig deep into the root causes of the problem, and make bold moves to innovate and seek opportunities for further development.

Case 4 Coping with the "frustration in receiving medical services" with Smart health care

For many years, issues like "difficulty and frustration in receiving medical services," "long waiting time and repetitive tests" are frequently brought up in social evaluation opinions, and such problems are getting worse. In 2012, the issue of "difficulty in getting medical service" was listed by PRO as a project issue for follow-up supervision. After analyzing and understanding the needs of citizens, the Health Bureau of Hangzhou adhered to the problem-oriented principle and improved the diagnosis and treatment service with innovative thoughts: First, it practiced the method of "smart Medical Settlement with Citizen Card," which was to coordinate relevant departments to pilot the model of "diagnosis and treatment before settlement, or settlement during diagnosis and treatment" based on the dual functions of medical insurance and E-payment in the citizen card. In this way, patients could use the citizen card to directly settle the medical insurance expenses when receiving medical services rather than waiting in queue again and again for payment. For patients without a citizen card, a self-service "pay-as-you-go" with a prepaid account was available. Second, it promoted the time-phased appointment diagnosis and treatment service. Patients could make an appointment with doctors or departments they needed according to their own schedule through various appointment methods, including the online platform, telephone numbers of hospitals, registration window, and self-service registration machine. It greatly simplified diagnosis and treatment procedures, saved time for receiving medical service, and highly praised by patients. This innovative

measure was quickly promoted to big hospitals in Hangzhou after this successful pilot and was fully appreciated and publicized by the Zhejiang local and national health departments.

"Smart Health Care" is a reconstruction of conventional medical operation process supported by modern IT tools. More importantly, relevant government departments were willing to face up to the problems, provide innovative services and targeted measures to respond to the public concerns, which was helpful to nurture and develop a new healthcare ecosystem.

Social evaluation opinions, day-to-day performance information, and a series of problems discovered in objective management provide directions for achieving innovation and excellence. Based on public opinions collected, relevant responsible departments can set up targeted and innovative work mechanisms, which have not only improved work efficiency but also served the needs of the society. The problem-oriented principle can promote better design and implementation of innovation projects and solve the contradictions and problems in economic and social development with more targeted methods, thus has become an effective way to achieve the goal of performance improvement.

Chapter 10
Institutional Performance and Practical Significance



1 Institutional Performance

Since the "Vote for Excellence" campaign was launched in 2000, the comprehensive assessment in Hangzhou has been developing for 16 years with institutional and specialized explorations and practices, playing an important boosting role in transforming the style of agencies, optimizing development environment, safeguarding the interests of the people, address difficult issues concerning people's livelihood and improving government performance, and being widely recognized by various circles of the society.

1.1 The "Trump Card" to Transform the Style of Agencies

In government performance management, Hangzhou involves the public in the administration and monitor of public affairs and forms a strong external pressure on government agencies at all levels. The work mechanism of evaluation-rectification-feedback is established and improved to guide government agencies at all levels to take the voices of the people as the first signal and the satisfaction of the people as the first standard, adhere to a problem-oriented approach, improve internal management procedure, respond to public appeals in a timely and accurate manner, truly reward the hardworking and excellent and punish the lazy and substandard, and encourage innovation, thus effectively improving the style and efficacy of agencies. The average degree of satisfaction with agencies directly affiliated with city government by the public is maintained above 95% for many years in a row, and the credibility of the government is improved greatly.

a. The style of agencies is optimized obviously.

The "Vote for Excellence" campaign is launched in 2000, with which Hangzhou city Party committee and government hopes to explore the establishment of a pressure

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mechanism and a dynamic mechanism to promote the transformation of the style of agencies and improve efficacy, and address the syndrome of four difficulties (which is used to refer to inconvenient government services, such as inaccessibility, poker face, harsh language, and complicated procedure), and build pragmatic, pioneering, efficient and clean agencies with examination, and satisfaction by the people at the core. After the selection campaign is started, the relevant agencies take part in passionately by aiming at becoming satisfying agencies, extensively and actively hear the public and grassroots opinions by adopting the method of going out and coming in, carefully look for their problems in work style and pragmatically promote the construction of proper work style in agencies by conducting rectification vigorously so as to form a good environment for striving for innovation and excellence.

As a strong medicine, the first selection campaign plays an important role in promoting the construction of the work style of agencies directly affiliated with city government with obvious results. Specifically, it is represented by the fact that the concept of tenet and the awareness of services are improved obviously, work efficiency and the quality of services see new enhancement, internal management is intensified remarkably and the construction of clean Party style and the government sees new progress.

In the selection of 2000, the city land resources bureau has a relatively high dissatisfaction rate. Targeting the grievances and complaints in officials, the bureaus Party committee guides them to face the results squarely by looking for subjective reasons and gaps at work so as to spot the problems, analyze the reasons, and carry forward all-round rectification. With seminars and consultation tables, opinions and suggestions are solicited extensively, and the existing problems are rectified in time. The bureau issues a total of 6580 consultation tables, collecting 740 pieces of opinions. A total of 52 seminars of various types are convened, and the bureaus leaders lead the team to 13 districts, counties (cities), and relevant townships and enterprises to work on site 45 times to help the grassroots to solve 321 problems, which is well received by the districts, counties (cities), and relevant agencies. In the following selection in 2001, the bureau sees an average satisfaction rate rising by 14.74% and ranked at the 28th among 56 government agencies, justice and procuratorate agencies, thus removing the hat of being an agency with relatively high average dissatisfaction rate. Later, with the guidance and incentive mechanism of government performance management, the bureau uses “Vote for Excellence” and social evaluation an entry points, takes as an opportunity the efficacy construction of agencies, adheres to work concept that anything concerning people’s interests is not a trivial matter and providing smile services, vigorously strengthens the awareness of service by following the principle of for the people, staying intimate with the people, benefiting the people, and facilitating the people and constantly rolls out various new measures to improve the efficacy of agencies, thus setting an example of improving efficacy through improving work style. The bureau launched on-the-spot certificate issuance service, smile service, express service, mobile certificate issuance service, 24-h service, and other mechanisms, thus increasing work efficiency greatly. In particular, the work mechanism that the land permit for an individual’s single set of housing is issued within 30 min has won widespread praise from all walks of life. In the past, it took individual’s

22 days to get the land permit for an individuals single set of housing, it was then reduced to eight working days, and finally 30 min at the end of 2006. Starting from October 1, 2009, the waiting time for the land permit of a large area of land from application submission to certificate issuance is reduced to 13 working days to two hours.

In response to the demands of clients, the city's State taxation bureau starts providing cross-jurisdiction taxation-related services. In the past, taxation-related matters of different jurisdiction areas were processed at different taxation houses. Relying on the taxation information network, taxpayers now can choose any taxation house of their preferences out of multiple options regardless of the jurisdiction areas. Cross-jurisdiction services are available for seven items of those matters undertaken by the tax service center, which are declaration and collection, tax registration certification, invoice purchase and sale, invoicing, tax consultation, tax payment certificate, and simple penalties for invoice violations. As long as its in line with the State taxation stipulations, taxpayers can pick any of the nine State tax service centers of the downtown area, regardless of the jurisdiction of the competent taxation authorities, for the following taxation-related matters: monthly and quarterly declaration and collection, tax registration certification within the taxation cycle, invoice purchase of corporate taxpayers without owing taxes or unhandled violations, and tax payment certificate that can be issued through the comprehensive collection, and management system of the State Administration of Taxation. Cross-jurisdiction services follow uniform standards and operation procedures, thus promoting the standardization of taxation businesses across the entire city. Cross-jurisdiction services also effectively examine the quality of services of the tax service centers in various grassroots areas and promote the taxation agencies to better improve work style and efficiency.

b. Government services are improved constantly

Agencies at all levels take an active part in the "Vote for Excellence" campaign and their awareness of services, the overall situation, responsibility, and clean government is improved remarkable and work efficiency enhance greatly too, thus creating a sound development environment for investors, entrepreneurs, and enterprises. In 2005, Hangzhou started to carry forward comprehensive assessment, and "Vote for Excellence" is renamed into social evaluation with the original subjects, content, and method of evaluation. Besides, comprehensive assessment rolls out new measures constantly. In 2009, *Hangzhou public service window service evaluation implementation method* is released, allowing those who receive services to give immediate evaluations. In all 719 public service and administrative approval windows across the city, evaluation gadgets are installed and the service evaluation mechanism is established, allowing those who receive services to give immediate evaluations to see if they are satisfied or not. The annual summary meeting of the comprehensive assessment is closely linked to efficacy construction, style construction, and other related education activities in agencies, thus enhancing the guidance role of comprehensive assessment in improving the efficacy of services of various agencies and playing a positive role in creating a soft environment most suitable for entrepreneurship and innovation.

From 2004 to 2008, Hangzhou tops the ranking of best commercial cities on Chinese mainland according to Forbes and has since been among the top ten best commercial cities on Chinese mainland and also ranked the first multiple times. According to the *Report on the competitiveness of Chinese cities* released by World Bank in 2006, the investment environment of Hangzhou is ranked the first among the 120 domestic cities. An important indicator for the competitiveness is the number of days companies spend on dealing with government agencies annually. With 8.1 days for Hangzhou, the top 10% cities in the ranking see an average of 36 days and last 10% (87 days). Hangzhou is selected as one of the happiest Chinese cities by *Oriental Outlook* of Xinhua news agency for ten years in a row and even receives the highest honorary merit award in 2016. Hangzhou wins the first place in the 2015 Satisfaction Survey of public services of 15 cities and the online selection of the 2015–2016 top ten Chinese cities for public services. The underlying reasons for Hangzhou to make these achievements are that the city has been considering the environment as the basis of the city for many years and also constantly optimizes government services and innovation government administration by involving public participation. It is always the primary objective of government governance for Hangzhou to create a modernized livable city featuring high-level political civilization, economic development, safety, harmony, and people's satisfaction.

c. The degree of satisfaction by the people is enhanced remarkably.

With social evaluation, Hangzhou effectively guides Party and government agencies to hear more of the people's concerns, carefully summarize experiences, search deeply for problems, and earnestly improve work in government performance management.

In 2005, the city health and family planning commission (formerly the health bureau) is ranked the last in the comprehensive assessment with many prominent problems highlighted in social evaluation opinions, such as imbalanced distribution of medical resources and the fact that it is often difficult and irritating to get medical services. For many years, the city health and family planning commission (formerly the health bureau) has been promoting bold reform and innovation in the healthcare system, enhancing internal management, elevating the quality of services, and truly improving the experiences of people getting medical services by taking the provision of medical and health services that people are satisfied with as a carrier, adopting the problem-oriented approach and using performance management as an entry point. With a series of practices, the city health and family planning commission has set an example for agencies directly affiliated with the city government to intensify performance management and create agencies people are satisfied with.

Firstly, set up a scientific objective for the development of the cause of health by putting people's satisfaction at the central place. Transform the long-term incorrect mindset of some hospital administrators and medical workers by focusing on economic benefits and neglecting social benefits and break up old thinking and thought so that answering people's appeals and satisfying people's demand become conscious actions. In set up medium- and long-term objectives and annual objectives, the commission always adopts the people's satisfaction-oriented and problem-oriented

approach and intensifies rectification after people's opinions, thus seizing the key to the development of the cause of health and family planning and aligning the objectives of health and family planning system with the demands of the people.

Secondly, make special efforts to solve the bottlenecks of the development of health and family planning cause by using reform and innovation as an impetus. Reform and innovation are the core driving force for the development of health and family planning cause. The commission advances the innovation in system, mechanism, science and research, management and services by insisting on emancipating the mind and daring to be the first so as to find the path for the self-improvement and development of the health industry through innovation. In the process of the implementation of innovation, the commission adheres to a demonstration by examples and presses ahead vigorously. In recent years, the city's health and family planning commission rolls out smart medical care, contract service featuring the integration of medical service, senior care and nursing, and other measures of Hangzhou model, which have achieved remarkable results in deepening medical reform. The work philosophy of phased progress with pilot first is established. Prepared plans are advanced and deployed in a timely manner to roll out reform measures in an all-round way after breakthroughs are made in pilot programs so as to give full play to the role of overall reform.

Thirdly, stress the accountability and implementation of key objectives and tasks by advancing the mechanism as a support. Intensify organization and leadership. Put the serial work centering on striving to build a satisfying agency under the leadership of top leaders such as secretary of Party committee and directors in agencies directly affiliated with the city government. Break down the responsibilities strictly. In reference to the key annual objectives of the city Party committee and government, and the performance objectives handed down by the city assessment and evaluation office, each and every task is broken down into different agencies and the responsible leaders, responsible agencies and lead agencies are identified, of which directly affiliated hospitals, health and family planning agencies and the subsidiary divisions and offices are informed in the form of documents. Special efforts are made in deployment and mobilization. With on-the-site meetings, alignment meetings and the meetings of presidents, secretaries, and other top leaders of hospitals, the direct affiliates, divisions, offices, districts, and counties (cities) are deployed and mobilized further to do a good job. Carry forward follow-up monitor. With site investigation, unannounced visits, special assessments, and satisfaction surveys, the supervision of direct affiliates is intensified and the progress is reported regularly. Those agencies which are slow in progress and weak in organization are reported and criticized in a timely manner and urged to make rectifications. The city assessment and evaluation office and performance information researchers are invited to examine the rectification measures of the health system on the site and provide opinions and suggestions so as to constantly improve the work. Summary and evaluation are also stressed. Records of rectification work are established and improved to truly and completely represent the work process. Third-party evaluation is invited to objectively evaluate the results of rectification of various agencies directly affiliated with city government. Sum up in a timely manner by collecting the achievements of various localities and agencies

have made in completing work objectives and summarizing experiences and lessons regularly.

Fourthly, make sure the key objectives are completed fully by using performance management as an entry point. In the process of performance management, three mechanisms are stressed. Firstly, stress the selection of guiding indicators. Select the representative, sensitive, reliable, and important ones after screening the many indicators scientifically with special emphasis placed on the establishment of indicators of public benefits. Secondly, stress the evaluation of the degree of satisfaction by third-party institutions. Qualified third-party assessment and evaluation companies are commissioned to produce evaluations four times a year (quarterly) based on the size of samples determined by public hospitals according to the volume of their businesses. The quality of the evaluation by third-party institutions is controlled so as to ensure the quality of the assessment and evaluation. Thirdly, performance assessment and evaluation stress both results and process. With daily monitor and management, the commission maintains positive interaction with grassroots agencies to help and drive them to complete performance objectives and makes sure the purpose of performance assessment and evaluation is met. The commission discloses the results of the previous year's performance assessment and evaluation and the rankings of the various hospitals at the beginning of each year so as to promote the hospitals compete properly. The results of performance assessment and evaluation are taken as an important basis for the appointment, selection, punishment, and reward of officials (Table 1).

The external pressure formed from social evaluation needs to be effectively transformed into the internal driving force to improve the work style of agencies. In the process of government performance management, Hangzhou constantly improves work mechanism, expands the channel for evaluation, and intensified rectification after opinions, thus facilitating the transformation with specific measures and improving the efficacy of agencies. In 2012, social evaluation for special projects is started by adopting the item-by-item method. The relevant agencies will be given scores according to the results of the evaluation. Remarkable results of rectification after opinions award are set up in the comprehensive assessment. The city assessment and evaluation office starts to track and supervise social evaluation opinions by extracting the specific problems that are reflected multiple times by many people and attract high attention from all circles and taking them as the focus of rectification. Starting from 2013, briefings on the tracking and supervision of rectification after social evaluation opinions are convened to given face-to-face review of the agencies directly affiliated with city government undertaking the tracking and supervision of opinions by city Party congress deputies, city people's congress deputies, members of the city's political consultative conference, performance evaluation experts, performance information researchers, the press, and people from other social circles. With these work mechanisms, external pressure transmits into the agencies constantly and becomes a strong driving force for the improvement of work. Statistics show that since 2001 the dissatisfaction rate by the people to government agencies has been declining for many years in a row.

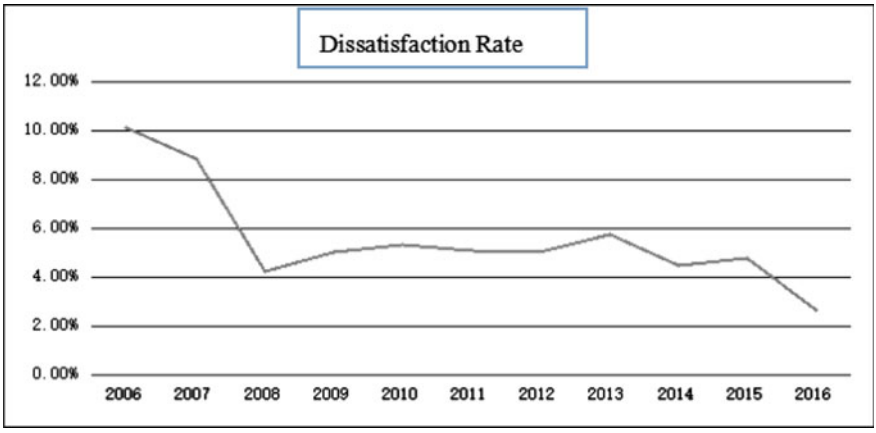


Table 1 List of comprehensive assessment results of the city health and family planning commission from 2005 to 2016

Year	Comprehensive assessment results (Ranking/Number of participating agencies)	Comprehensive assessment results	Comprehensive assessment Individual awards
2005	66/66	Pass (Last)	\
2006	48/71	Pass	\
2007	45/71	Pass	\
2008	42/72	Pass	\
2009	26/74	Advanced	\
2010	28/73	Pass	\
2011	29/69	Pass	\
2012	19/71	Advanced	Government service quality award Remarkable results of rectification after opinions award
2013	13/71	Excellent (satisfying)	Remarkable results of rectification after opinions award
2014	2/66	Excellent (satisfying)	Innovation award Remarkable results of rectification after opinions award
2015	4/65	Excellent (satisfying)	Individual award for key tasks Remarkable results of rectification after opinions award
2016	5/63	Excellent (satisfying)	Remarkable results of rectification after opinions award

1.2 The "Baton" to Address Issues Relating to People Livelihood

In the process of government performance management, Hangzhou adheres to the people-oriented approach and takes as the start point and purpose of the work of various localities and agencies addressing the hotspot and difficult issues of public concern, and the satisfaction of the people as the fundamental standard to examine the work of various localities and agencies. With the establishment of highly efficiently operating discovery mechanism and the work mechanism of evaluation-rectification-feedback, the solution of various problems concerning people's livelihood is promoted, and comprehensive assessment becomes an important entry point for the city Party committee and government to implement the strategy of using democracy to improve people's life.

a. Use "addressing seven major difficulties" as a carrier to vigorously improve people's livelihood

In the "satisfaction selection" in 2000, three prominent problems are found after the opinions and suggestions in social evaluation are analyzed: the livelihood and employment of people in difficulties; the syndrome of four difficulties (which is used to refer to inconvenient government services, such as inaccessibility, poker face, harsh language, and complicated procedure) of the work style of agencies; in particular, the complicated procedures in which public affairs are handled; problems brought about by the reform in the housing system. Four prominent problems are found after the opinions and suggestions in social evaluation in 2001: the work style of agencies; the livelihood and employment of people in difficulties; travel and parking problems caused by traffic congestions; cleaning problems represented by dirty, chaotic and poor urban health conditions. In the selection in 2002, another three problems are found: difficult access to medical treatment due to excessively high drug prices; education problems, mainly those that it is difficult to get enrolled in schools and quality education resources are scarce and distributed unevenly; housing difficulties due to excessively rapid growth of property price.

In 2003, the former city satisfaction office summarizes the problems found in "Vote for Excellence" in the past three years and arrives at seven hot spot and difficult issues of public concern, which are that its difficult for people in difficulties to make a living and get a job, difficult access to medical treatment, school difficulties, housing difficulties, travel and parking difficulties, the complicated procedures in which public affairs are handled, and cleaning and maintenance difficulties. All these problems account for more than half of the total number of opinions every year, have a bearing on people's livelihood and development, receive high attention from various social circles, and are also bottlenecks restraining the sustainable development of Hangzhou. In 2004, the city Party committee and government elevate "addressing seven major difficulties" to a strategic decision, formulating the *Implementation opinions on the long-term mechanism of addressing seven major difficulties of the immediate concerns of the people* (hereafter referred as the imple-

mentation opinions to address seven major difficulties) and establishing leadership mechanism, accountability mechanism, assessment and evaluation mechanism, and financial support mechanism for the work of addressing seven major difficulties.

After the work mechanism of addressing seven major difficulties is established, practical interests of people's most immediate concerns become the central and key work of Party committee and government at all levels. With the new concept, mentality, objectives, and measures, government at all levels works to make new breakthroughs in addressing seven major difficulties. In advancing the work of addressing seven major difficulties, the hot spot and difficult social issues start to develop new features. At a special meeting of addressing seven major difficulties on September 4, 2007, the city Party committee and government adopt the suggestions of the city assessment and evaluation office to fully expand the connotation of addressing seven major difficulties by including environmental protection and food safety. Thus, the seven plus two framework addressing the practical interests of people's most immediate concerns takes shape. When the city's tenth Party committee convened the fourth plenary session on July 14, 2008, price rise and dissatisfying services provided by monopolistic industries are included in the seven major difficulties to form the new framework of seven plus X to further enrich the connotation of seven major difficulties, make the countermeasures more targeted, and promote the seven major difficulties to keep up with the times. According to survey results in recent years, improving social security, reducing living cost, and enhancing public services have become the three most important tasks to be completed to improve the quality of people's life. This shows people's definition of quality life is elevated to a new level, and the connotation and extension of addressing seven major difficulties shall be adjusted accordingly. In 2012, the city Party committee and government propose ten major projects to serve and benefit the people based on social evaluation opinions. The formulation and development of the work mechanism of addressing seven major difficulties set an example of using democracy to improve people's life and using comprehensive assessment to promote democratic government decision making in Hangzhou (Fig. 1).

With many year's efforts, the work of addressing seven major difficulties has achieved remarkable results. In 2003, issues concerning the seven major difficulties account for 54.22% of the total number of social evaluation opinions and suggestions, which is reduced to 29.71% in 2009 and then 16.97% in 2012. In the meantime, the overall satisfaction rate of the work of addressing seven major difficulties by the participants in social evaluation reaches 94.99%. With the gradual solution of the seven major difficulties, people also start to pay less and less attention to them.

Relying on government performance management, the work mechanism of addressing seven major difficulties has been gradually improved. The government has accumulated rich experience in understanding and solving issues concerning people's livelihood and formulates effective work mechanism and method, thus Hangzhou leading the nation in improving people's life and becoming one of the happiest cities.

b. Respond to public appeals in a timely and effective manner

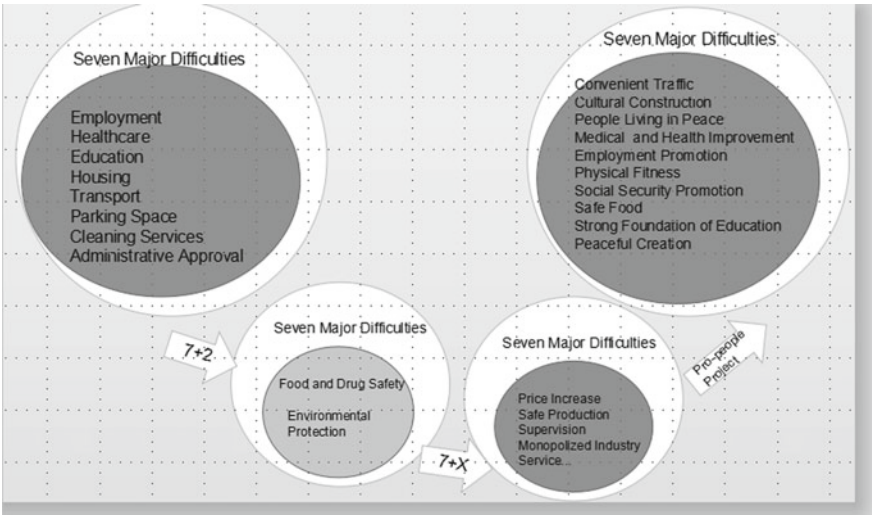


Fig. 1 Diagram illustrating the evolution of the work mechanism of addressing seven major difficulties

It is a basic requirement of modern government to respond to people's demand in a timely and effective manner. In comprehensive assessment and performance management, Hangzhou government agencies have a strong initiative to respond to public appeals. With the improvement of the work mechanism of evaluation-rectification-feedback, government at all levels and their agencies are urged to focus on the issues concerning people's life that are collected through social evaluations and thus promote the solution of the issues concerning people's life and of people's immediate concerns. Rectification after social opinions is a major way for Hangzhou to answer public appeals. Yu Xunda, director of the academy of social sciences studies of Zhejiang University said: This is how comprehensive assessment in Hangzhou urges government agencies to answer public appeals. Such government responses are the basic requirement of modern government. The comprehensive assessment in Hangzhou greatly enhances the response function and promotes the solution of issues concerning people's life and of people's immediate concerns.

Key rectification objectives are formulated in response to those issues that are talked about by many people, have a major social impact, and can be solved or improved remarkably within the years with efforts. The city assessment and evaluation office formulated the special *assessment method for the rectification objectives after social evaluation opinions*, asking responsible agencies to make rectification commitment to the public, organize a special year-end satisfaction assessment of the key rectification objectives, and accept social monitor and evaluation.

Hangzhou identifies between 150 and 250 key rectification objectives out of social evaluation opinions each year, accounting for about 35% of the original opinions, and more than 50% in 2016 in particular. In recent years, the number of key rectification

objectives has been on decline, but their share of the original opinions is on the rise, making sure public appeals are answered as many as possible.

General rectification objectives are formulated in response to those general and common issues of principle. The city assessment and evaluation office asks responsible agencies to actively study the issues, think them through thoroughly, and draw upon the beneficial aspects as a reference to improve their work.

In recent years, in response to those issues that are voiced by many people repeatedly and can be solved or improved effectively with efforts within the year, the city assessment and evaluation office identifies between 15 and 20 issues as monitored and tracked rectification objectives after social evaluation opinions. A tripartite coordination mechanism consisting of the city assessment and evaluation office, rectification responsible agencies, and resident representatives is established to promote rectification after opinions with follow-up supervision, treatment and diagnosis, review meetings, performance assessment, and other methods.

Social evaluation opinions are mainly about issues concerning people's life, and the rectification after social evaluation opinions focuses on public appeals. With breakdown, implementation, classification, management, follow-up supervision, review and rectification, and social supervision, the many specific problems represented in social evaluation opinions are rectified and solved in a timely and effective manner, increasing the responsiveness of government to social evaluations and the sense of gaining of the people and helping the public stay passionate with taking part in government performance management.

c. Enhance the effectiveness of the projects of the city government to address issues of people's immediate concerns

Projects addressing people's immediate concerns are the solemn commitment of the government to the people, and also the start point, and purpose of government work. Adhering to the principle of serving and benefiting the people, and improving people's well-being constantly, Hangzhou sets up and improves the management by objectives responsibility system and intensifies the performance assessment of projects addressing people's immediate concerns so as to deliver real benefits to the people.

In order to more comprehensively evaluate the results of projects addressing people's immediate concerns, the progress of such projects is disclosed on the office Web site of Hangzhou government, Hangzhou assessment and evaluation Web site and the exhibition hall of Hangzhou performance at the civic center to be reviewed by the people at any time. In 2015, relying on the official WeChat account of Hangzhou performance, the city assessment and evaluation office starts the snapshot campaign, a special activity dedicated to the projects addressing people's immediate concerns to collect suggestions and opinions on the projects, which may serve as basis for year-end assessment and field inspection. Moreover, the city assessment and evaluation office also formulates *Performance Assessment Method for Projects Addressing People's Immediate Concerns* to strengthen the process management of projects. The method assesses the performance of the projects from two perspectives, which are the degree of completion and the degree of measurability. The degree of completion

is jointly assessed by the city assessment and evaluation office, the supervision office of the city government, and other relevant agencies. According to the content and the requirement of the objectives identified at the beginning of the year, the organization, leadership, completion, and results of the projects are assessed through field inspection and record examination. The degree of measurability is assessed through the degree of satisfaction by the people and performance evaluation by experts. The assessment of the degree of satisfaction by the people is carried forward by third-party institutions through sample surveys. The content of the assessment includes mainly the respondents' opinions and suggestions on the results of the projects. When the average satisfaction rate of the people of a project is below 60%, then the project is disqualified as a candidate excellent project. Performance evaluation by experts evaluates mainly the execution of the budget and the investment of the cost of the projects in the process of implementation, the degree of complexity of the organization, and implementation of the projects, the degree of difficulty of the work, and the performance of the projects when they are completed, such as the generated economic and social benefits, and their contribution to Hangzhou's economic and social development. The evaluation is given in three dimensions, which are degree of difficulty, validity, and breadth. The performance assessment results of these projects are included in the assessment scores of relevant responsible agencies and will also be used to select the winners of the individual award of the key work in a comprehensive assessment (Fig. 2).

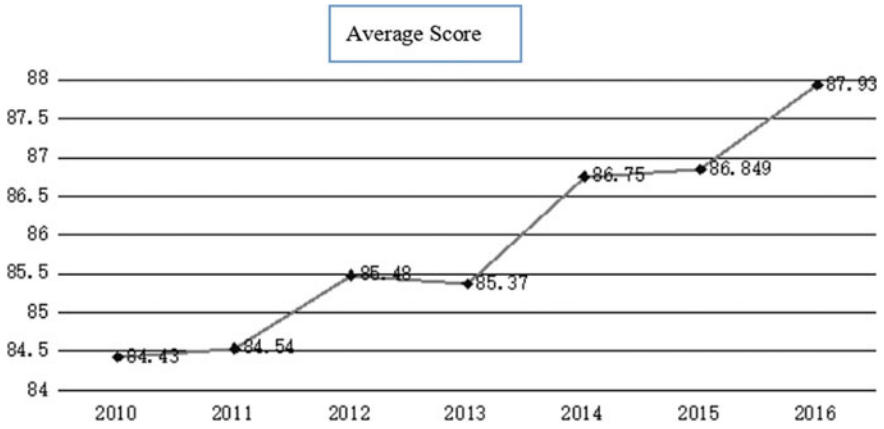


Fig. 2 Average score of performance assessment of projects addressing issues of people's immediate concerns in Hangzhou from 2010 to 2016

1.3 The "Booster" to Promote Scientific Development

The scientific outlook on development provides theoretical support and practical guidance for government performance management. The concept of innovative, coordinated, green, open, and shared development proposed at the fifth plenary session of the 18th Party central committee further deepens the scientific outlook on development. For a long time, Hangzhou guides government agencies at all levels to shift the focus of their work to servicing market players and creating a sound development environment, constantly improving administrative service efficiency, enhancing government governance capacity, and comprehensively advancing the new practices of scientific outlook on development and new development concept by actively creating fair, just, and open competition environment.

a. Adhere to the concept of innovation to promote transformation and development

Innovation is the driving force for development. Hangzhou pays special attention to the role of innovation in guiding local development in government performance management. In comprehensive assessment in districts and counties (cities), with local innovation capability, and sustainable development as the content, it has set the development potential assessment indicators, such as talent development index and patent authorization growth rate. In 2013, Hangzhou starts special assessment and evaluation of the innovative development work in districts and counties (cities), focusing on the actual work performance of districts and counties (cities) and development zones in implementing innovation-driven development strategy, such as the increased investment in science, technology, research and development, the development of new and high technology industries, the ownership of innovation and creation patents, cultivating and introducing high-level talents, improving innovative and entrepreneurial industries, incubating innovation players, and the development of innovation-based economy. With the combination of comprehensive assessment and special assessment, innovation-driven development is stressed in regional economic and social development. Hangzhou thus takes the lead in blazing a new path of Hangzhou characteristics in relying on innovation to step up scientific development, which plays an active role in promoting Hangzhou to carry forward the innovation-driven strategy, improving regional innovation system, developing innovation-based economy, and building national independent innovation demonstration zone, and innovation-based city.

b. Adhere to the concept of coordination to form a new pattern of integrated economic and social development and promote the coordination of regional, and urban and rural development

With government performance management, Hangzhou guides the coordinated development of local economy and society, promotes the integrated development of urban and rural areas, and continuously enhances the overall effectiveness of development. For example, by adjusting the setup of indicators, the weights of local scientific and technological innovation capability and innovative development are increased in assessment to guide the development model to shift from focusing on

speed and scale to focusing on quality and benefits. With the development of social evaluation system and the assessment of the responses to public appeals, government agencies at all levels are encouraged to listen to the voices of the public and respond to them in a timely and effective manner so as to lay equal stress on economic development and supporting and improving people's life. The integration of urban and rural development is taken as a key objective in the assessment so as to promote the equalization of basic public services. In government performance management, Hangzhou takes coordinated development as a guide to promote various localities and agencies to make up for their development shortcomings and address the imbalances and weak links in development so as to expand development space and seek development momentum to achieve a balanced and coordinated development in an all-round way.

c. Adhere to the green concept to promote sustainable development

Green development is a sustainable development full of vitality and stamina, and it is a long-term development conducive to inter-generation equality. In government performance management, Hangzhou focuses on the development of ecological civilization by increasing the assessment of energy conservation and environmental protection and diluting the assessment of economic development indicators such as GDP with the setup of indicators so as to promote the harmony and coexistence of mankind and nature. Starting from 2013, Chunan is assessed separately as a pilot area for the development of beautiful Hangzhou by following the concept that "green mountains and blue rivers are mountains of gold and silver." The assessment of its GDP was canceled. The weights of ecological protection and ecological economy indicators account for 60% of the development indicators, and the weights of ecological construction indicators account for 40% of the key work objectives. The assessment of special innovation also focuses on ecological construction, in particular, the new reform and innovation measures of local features and worth promotion adopted by Chunan in building the pilot area of beautiful Hangzhou in terms of ecological protection, ecological economy development, and the support and improvement of people's life. In the comprehensive assessment in the rest 12 districts and counties (cities), the weights of GDP indicators account for only 3% of the development indicators and 0.9 points of the total score of comprehensive assessment, while the weights of ecological construction and protection indicators are increased to near 25%. The final results of assessment and evaluation also further tilt toward green development. For example, starting from 2014, in the comprehensive assessment of districts and counties (cities), the numbers of items entitled to one vote veto increases from five to six. The original one item of energy conservation and emission reduction is broken down into two items of energy conservation and emission reduction, which increases the weight of energy conservation and environmental protection in the entire government performance management system.

d. Adhere to the concept of openness to promote modernization of governance

The government performance management in Hangzhou represents the value and concept of openness of government governance. Firstly, it has a sound system for

public participation. The public has a wide range of channels to directly take part in government performance management, and the entire process of performance management is made open and transparent by disclosing the evaluation results and relevant evaluation information timely to the public, thus fully respecting people's rights to being informed and participation. Secondly, the assessment and evaluation agency has unhindered communication channels with the assessed and evaluated agencies. The identification of annual assessment objectives is the result of sufficient communication between the two sides, and the problems arising in the management process are also reported and rectified through specific channels with proper feedback. The results of assessment and evaluation are also returned to the responsible agencies in a timely manner. Thirdly, Hangzhou is actively engaged in international and domestic exchanges on government performance management. It invited USA, Austria, and other countries for international exchanges, showcasing Hangzhou's practices in government performance management by well telling Chinese and Hangzhou stories. It is also actively involved in the top-level design of domestic government performance management by contributing ideas and expertise to the pilot programs of national government performance management. By establishing close partnership with domestic universities and research institutes, Hangzhou invites experts and scholars to contribute wisdom to and make suggestions for its government performance management.

e. Adhere to the concept of sharing to promote the development of democracy and people's livelihood

In line with the requirement of being participated, contributed, and enjoyed by all, shared development promotes overall and comprehensive development. Hangzhou sets up an institutionalized platform to encourage public participation in government performance management. On one hand, with social evaluation, Hangzhou empowers the public with the speech right by allowing them to give a comprehensive evaluation of public agencies at all levels, thus opening up a pragmatic channel to protect the citizens' rights to orderly political participation and promote the diversification of the subjects of governance. On the other hand, by improving the efficacy of public participation through effective and timely responses to public appeals by government and giving feedback on the collected opinions, countermeasures, policy measures, and the final results of actual rectification, the governance capability and performance are improved constantly, thus increasing people's trust in government, forging a close partnership between government and people in public governance, and achieving positive interaction between government and people. That Hangzhou is able to effectively address the issues concerning people's life by addressing the seven major difficulties, using it as a carrier. This is just because the platform of benign interaction between government and people is set up in the process and also the consistent promotion of government performance management.

1.4 The Direction Indicator to Guide the Government's Innovation

In the process of the transformation of national development and the modernization of government governance capacity, government innovation plays an extremely important role by aiming at the effective resolution of social, economic, and political problems, improving self-operation and enhancing governance capacity so as to promote the transition of a traditional government into a modern one. In government performance management, Hangzhou actively develops platform to encourage government innovation and makes sustainable and in-depth explorations.

a. Comprehensive assessment becomes an "incubator" for government innovation.

It is a major feature of the government performance management in Hangzhou to promote and manage government innovation through performance assessment, of which the principal line is institutional regulation and guidance. Firstly, the assessment and evaluation system for innovation objectives is improved constantly, providing agencies at all levels with a platform for practice in reform and innovation. Objectives for striving for innovation and excellence and also for overcoming difficulties satisfy the demands for innovation of various agencies directly affiliated with city government and are a major entry point for Hangzhou to guide government innovation through government performance management. Secondly, guide the government to engage in pragmatic innovation by constantly improving the assessment system. Sustainable innovation and inherited innovation are included in the scope of the submission and performance assessment of innovative objectives. Joint innovation is encouraged to improve coordination mechanism and stress inter-departmental collaboration so as to jointly overcome difficulties. Formulate *Hangzhou Government Innovation Guideline* to properly plan the government's innovation work in the future. Explore the establishment of an indicator system to evaluate the quality of public services and set up the government service quality award. The performance evaluation for the objectives of striving for innovation and excellence of agencies directly is affiliated with the city government's competition plus elimination system to pick the best from the good projects instead of the participation bonus system, which focusing on increasing competitiveness and effectively enhance the quality of innovation. Thirdly, performance assessment for objectives for striving for innovation and excellence (special innovation) has become an important platform for city Party committee and government to encourage government innovation. With performance assessment of innovative projects, the government is remarkably more aware of innovation. Since the performance evaluation for government innovation was launched in 2006, various Party and government agencies at all levels in Hangzhou have submitted 920 projects for striving for innovation and excellence, involving politics, economy, society, culture, ecology, Party building, and other areas. A series of innovation projects have focused on exploring innovation and making breakthroughs in concept and ideas, systems and mechanism, methods and tools, and generated obvious social and economic benefits in promoting the transformation of government functions, the development and

transformation of economy and society, effectively responding to public appeals, addressing the difficult problems, innovating social management, and enhancing the modernization level of governance.

b. The ability and courage of government innovation improve generally.

Improving government innovation capacity in an innovative way so as to improve the overall performance of government has always been a direction of efforts for government performance management in Hangzhou. The key factors influencing government innovation capacity are within government agencies, such as information and resources, value orientation, innovation actors, and capacity structure. The practice and development of government performance management are guided with a clearly defined value orientation system in Hangzhou. In the process of advancing government innovation, government agencies at all levels are encouraged to enhance the passion for and effectiveness of innovation behaviors by aiming for addressing underlying problems affecting economic and social development and answering public appeals. The design of the institutions, competition, as in the evaluation method of competition plus elimination system, is used to advance pragmatic innovation, and a cooperation mechanism is used to encourage government at all levels to conduct joint innovation and sustainable innovation to improve the quality of innovative projects. In the process of the assessment, evaluation and feedback of innovation projects, experts are encouraged to play a principal role to intensify direction and guidance so as to foster and improve government innovation capacity. With the steady improvement of the government innovation capacity, the scoring rate of the projects is increased from 50% in 2006 to 80% in 2015 (Fig. 3).

Another key factor to improve government innovation capacity is to reach consensus on promoting the exchanges of information within and outside the organization so that a positive interaction mechanism will take shape among government, market, and society. The institutional design of government performance management in Hangzhou provides a practical channel for the realization of such interaction. In 2008, Hangzhou urban investment group submits the public bicycle transport intel-

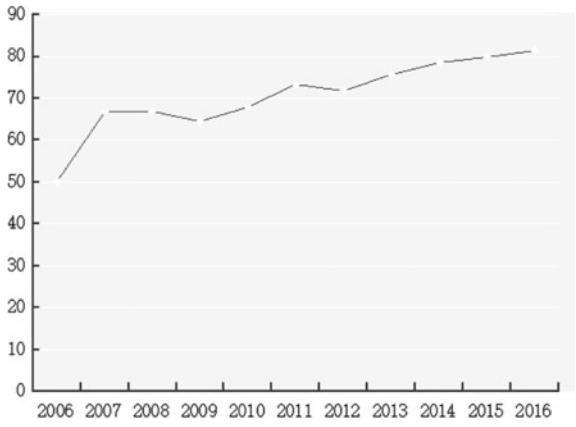


Fig. 3 Average score of performance assessment of innovation objectives of agencies directly affiliated with city government in Hangzhou

ligent management system, which is ranked the sixth in the panel review of the year. The implementation of the project is well received by the residents and becomes a bright landscape in the public services. As the system develops rapidly and achieves good results, some problems also arise, such as the difficult to design the stations, to maintain, repair, or return the bikes, and to settle disputes and to operate. All of these have aroused the attention of various social circles. Hangzhou urban investment group and the city planning bureau decide to carry forward joint innovation after active communication in 2012, and together submit the innovation project of public bicycle system with an international vision: sustainable innovation, improved planning, and staying original and enhanced service. The implementation of this project once again achieves remarkable results, setting an example for government agencies at all levels to conduct joint and sustainable innovation so as to respond to public appeals .

[Case 5] Hangzhou's "Gold business card"—Public bicycle service system.

In order to address the last mile problem in public transport, improve the ridership of public transport, tackle the urban malaise of difficult transport and difficult parking, reduce pollution and conserve energy, Hangzhou rolls out Free Public Bicycle Rental Service, and stations 2800 bicycles in 61 service points in 2008. As public bicycles become more and more popular, many residents lodge complaints in social evaluation: the service stations for public bicycles are limited, it's difficult to rent or return bicycles in peak hours, many of the bicycles are damaged and the locks are often problematic. In order to effectively respond to public appeals, the urban investment group and the city planning bureau actively explore innovative measures to improve the performance of services in 2012.

Firstly, formulate a special plan for public bicycles, and lay out the plans for the construction of parking and maintenance bases so as to connect public bicycles seamlessly with public buses and subway. Secondly, introduce the Internet of things, develop public bicycle real-time inquiry system, increase service stations and schedule the bicycles more scientifically so as to address the problem of returning the bicycles. Thirdly, develop and apply the suspected mal-functional bicycles identification system, combine tour examinations with stationed maintenance, and combine professional repairers with volunteers so as to address the problem of repairing and maintaining the bicycles. Fourthly, create a pioneering set of urban public bicycle service standards, upgrade service hotline and set up diversified service platforms, such as Internet and SMS, so as to give quality responses to complaints. Fifthly, develop public bicycle intelligent service booth integrating the sales of commodities, consultation, the sales of digital products, digital payment and other services convenient to the people to increase operation proceeds so as to address operational difficulties.

After many years of innovation and development, Hangzhou Public Bicycle System becomes perfect day by day. The operation efficiency is also improved remarkably. In October 2013, *Active times*, a USA professional outdoor activities website, selects the worlds top 16 regional Public Bicycle System, among which the one in Hangzhou is ranked the first.[1] During the G20 summit in Hangzhou in 2016, Mauricio Macri, Argentine president, and his wife cycled around the West Lake and got first-hand experience about the convenience of Hangzhou's Public Bicycle System (also Hangzhou's gold business card). Both Macri and his wife highly praised the system.

Due to improper systems and mechanisms, government agencies are often not motivated or courageous enough to engage in innovation and their mentality of

[1]Tencent Web site, http://hb.qq.com/a/20131009/015179_all.htm.

staying stable and staying away from risks is a major barrier hindering government innovation. In government performance management, Hangzhou first gives bonus points to all participatory agencies and encourages government agencies at all levels to submit projects voluntarily, thus increasing the atmosphere for and the awareness of government innovation. In 2013, the city assessment and evaluation office reforms the performance assessment method for projects striving for innovation and excellence and adopts the competition plus elimination system. Though government innovation is faced with risks since then, the passion for government agencies at all levels to engage in innovation stays unharmed (Fig. 4).

After 2013, due to the new risk mechanism for government innovation, the share of the agencies submitting projects striving for innovation and excellence in all the agencies taking part in comprehensive assessment is on steady decline, but the number of the projects submitted is still maintained at high level, which reflects that the majority of government agencies are able to press ahead against the difficulties and their pragmatic and innovative drive and courage is improved steadily. Weng Lihua, the former director of China Finance and Taxation Museum, said: As the saying goes, "I can move the earth if given a proper pivot." Hangzhou city assessment and evaluation just finds the pivot, which is striving for innovation and excellence, and thus improves the performance of government agencies greatly. It is a very smart move. Faced with the reform tide, striving for innovation and excellence is the engine driving government agencies forward. Though striving for innovation and excellence accounts for only a limited part in the comprehensive assessment, it is the last straw to break the back of a camel. Its significance just lies in constantly guiding the agencies to move forward and adapting to the demands of market economy and reform.

c. Innovation-driven development starts to yield fruits gradually.

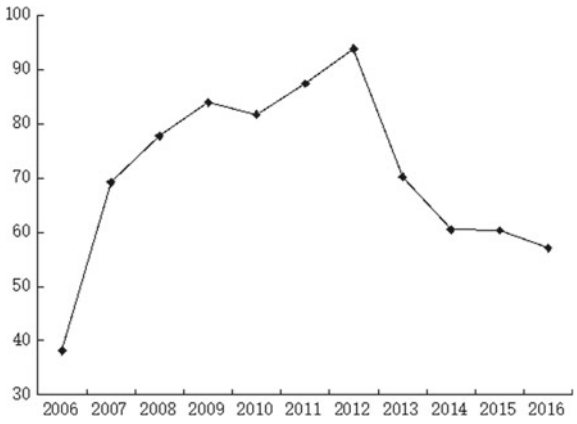


Fig. 4 Number of agencies directly affiliated with city government submitting projects striving for innovation and excellence against the number of agencies taking part in comprehensive assessment between 2006 and 2016

In recent years, targeting the new situations and new issues arising in the process of economic and social development, Hangzhou adopts a problem- and development-oriented approach, accelerates the implementation of an innovation-driven development, develops innovation-based economy, and promotes the transformation and upgrading of the economy by standing on the periodic features and actual situations of local economic development and starting with the most prominent problems restraining economic transformation and innovation. With the performance assessment of innovation projects in government performance management, Hangzhou creates an innovative atmosphere, fosters innovative spirit, encourages various localities and agencies to emancipate their minds, and explores new concepts, new mechanisms, new methods so as to vigorously advance the innovation-driven strategy and realize the smooth transition to new engines for economic growth in Hangzhou.

The performance assessment of objectives for striving for innovation and excellence creates a sound innovative environment for the innovation-driven strategy. The performance assessment of objectives for striving for innovation and excellence focuses on the transformation of government functions and encourages various localities and agencies to remove all institutional barriers and concepts hindering innovation-driven development so that the government will take the initiative to undertake service functions for innovation in innovation-driven development. In order to transform the functions of the government and solidify the four bases of industry, balance, people's well-being and culture, Fuyang district takes the initiative to start with the reform of administrative approval system. It starts exploring the establishment of a big approval system with streamlined approval functions, three-dimensional approval method, accountability, and institutionalized approval supervision at the core in 2009, thus realizing the transformation of government function from a regulation-based government to a service-based government dedicated to creating a sound external environment and improving quality public services. The big approval system, in particular, the intermediary management system, solves the chronic difficult problem that the prepositive intermediary service often requires too much time and of low quality. The average service time of intermediaries is reduced from the original 32 days to the current 12 days, a speed increase of 63%, ranking the first in the entire province and the country. It also set the best example for the reform of the county-level administrative approval system in the entire province and country.

Hangzhou government innovation guideline guides government agencies at all levels to closely watch economic and social development in the process of innovation so as to foster new points for economic growth in innovation-driven development. It is the most effective way to advance innovation-driven development to give a play to the government's service functions, allow the market to allocate innovative resources, and make enterprises play a principal role in innovation. In 2014, in order to adapt to and guide the new normal, Hangzhou city development and reform commission propose to build a batch of characteristic industrial towns featuring distinctive industrial features, strong humanistic atmosphere, and integrated living and production functions. By focusing on innovation-driven development and aggregating high-end factors, acceleration the transformation and development can

be achieved. The conceptual plans and development plans of characteristic towns are formulated in line with the requirement of integrated planning with clearly defined industrial positioning and improved space layout. The projects, talent, and innovation platforms in characteristic towns are supported and the companies and entrepreneur teams are provided with quality services. The development of characteristic towns stresses the cooperation of the two hands of market and government and explores diversified development models. Firstly, Hangzhou initiates the model of the cooperation between government and universities, such as *Zheda* (Zhejiang University) *zijin* mass innovation, and entrepreneurship town. Secondly, enterprises play a principal role and government provides services, such as Fuyang fuchun pharmaceutical valley town. Thirdly, government and enterprises jointly develop town, such as Yunqi town. By doing a good job in providing services, the government agencies contribute to the success of the enterprises. The development of characteristic towns makes remarkable achievement. Thirty-two towns from Hangzhou are recognized as the first batch of city-level characteristic towns, nine are included in the first batch of province-level characteristic towns, and 25 enter the second batch of province-level characteristic towns and also are short-listed, accounting for a quarter of the provinces total and playing a leading and exemplary role. In the development of characteristic towns, the government plays a leading role, enterprises play a principal role, and the people are engaged in innovation and entrepreneurship, thus putting Hangzhou's innovation and entrepreneurship on a path of sound development.

1.5 The New Engine to Promote Modern Governance

The Third Plenary Session of the 18th Central Committee of the Party takes as the overall objective of deepening the reform comprehensively improving and developing the socialist system with Chinese characteristics and advancing the modernization of the national governance system and governance capacity, which enriches the connotation of national modernization and also expands and extends the objectives of reform. Without modernized governance capacity, it is impossible for us to build a truly modernized governance system. With government performance management, Hangzhou guides government agencies at all levels to take the initiative to transform work style and functions so as to aim at discovering, studying, and solving problems, take as the driving force of reform and development bringing the benefits of development to all the people in a fairer fashion, and explore the modernization of local government governance in practice so as to find the path to the modernization of national governance.

a. Diversified government governance is realized through orderly participation by the people.

Effective government governance highlights the multi-party collaborative governance of social and public affairs, which requires the participation of multiple parties, such as government, social organizations, and individuals, and relies on an equal

consultation and dialogue mechanism to form a stable network of partnership so as to ultimately maximize public interests through multi-party collaborative governance. Hangzhou adheres to the citizen-oriented approach by inviting the public to extensively participate in the entire process of performance management, thus a social network, in which the public including citizens, companies, experts, social organizations, and industry associations plays a principal role, serving government performance management taking shape, which promotes the positive interactions between government and people.

The citizen-oriented government performance management also promotes governments at all levels to transform their governance and operation methods. With communication and consultation, governments at all levels mobilize and coordinate social forces to jointly cope with the problems, and explore ways and methods to solve the problems jointly on the basis of common interests so as to enhance their capacity to cope with and settle problems.

[Case 6] On the evening of May 7, 2009, an accident occurs at a zebra crossing on Wenerxi road in Hangzhou city, in which a pedestrian is killed due to speeding. The perpetrator drives an over-speed converted cars in downtown area and kills a pedestrian at a zebra crossing. This news is severely criticized by the public and attracts widespread attention from the media. In the social evaluation opinions of the year, an increasingly large number of respondents express their opinions about zebra line conduct. Private sedans, taxis and engineering transport vehicles are found often not to yield to pedestrians at zebra crossings, severely affecting travel safety. Residents pay high attention to the problem, hoping the government can take corresponding countermeasures. Therefore, the city assessment and evaluation office lists vehicles yielding to pedestrians at zebra crossings as a key objective for rectification after social evaluation opinions in 2010. The public security bureau acts swiftly by taking measures to rectify the key areas, listing it as a key rectification objective for the bureau for three years in a row and vigorously promoting proper zebra line conduct and road safety overhaul work.

In the process of the rectification, the city public security bureau stresses vehicles yielding to pedestrians at zebra crossings and don't cross the line when the traffic light turns red, carries forward the educative campaign advocating proper conducts of pedestrians, drivers and law enforcement officers and spreads out proper travel conducts. The bureau also intensifies the overhaul of traffic violations, and severely cracks down on the violations of divers not yielding to pedestrians at zebra crossings and grid lines and changing carriage ways illegally. Moreover, it mobilizes almost 4000 cameras across the city to take snapshots of traffic violations, and conducts unannounced investigations of and makes undercover films of taxi violations in cooperation with operation control agencies, industry associations and the media. Efforts are also made to address traffic safety from the very beginning by promoting traffic safety flying chess, improve driving school training and spread the knowledge of proper transport conduct among primary and middle school students, driving school students and the tour guides.

In the campaign of promoting proper zebra line conduct, government agencies and social organizations play a crucial role. The city urban investment group organizes the drivers of public buses to take the lead in yielding to pedestrians and lists proper zebra line conduct as a key rectification objective in 2011, thus forming the synergy for the rectification efforts.

With the joint efforts of the city public security bureau and the city urban investment group, the road safety in Hangzhou is improved remarkably. As public buses and taxis set an example, private sedans start to follow suit, thus leading to fewer violations of traffic regulations, such as not yielding to pedestrians at zebra crossings or grid lines, or changing

carriage ways illegally. The incidence rate of accidents is also declining, and travel safety and proper travel conduct are rooted deep into people's heart. Proper conduct at zebra crossings has become a bright landscape in Hangzhou.

b. Scientific government governance is promoted with the specialized thinking of performance management.

Scientific government governance requires government governance to abide by economic and social development rules. Starting from comprehensive assessment, Hangzhou gradually promotes the popularization and application of performance-related concepts and methods and actively explores the channel to make government governance more scientific. With the guidance of performance management planning, the various strategic objectives for national economic and social development at city- and county-level are broken down into relevant responsible agencies as annual objectives, realizing the combination of long-term local development with short-term objectives and helping government agencies avoid the shortsighted behaviors in pursuit of only political achievement. Various localities and agencies are encouraged to formulate five-year innovation plan to address the long-term underlying conflicts and problems restraining and confusing development and major issues that affect the overall situation so as to promote the reform in key areas and links to make new breakthroughs. Make full use of the platform of resources of government performance management. In the registration of assessment objectives, the performance evaluation of innovation objectives, policy discussion on TV, and many other links take full advantage of the decision-making consultation role of experts in government governance to clear the communication passage between the external brain and main brain for government to make decisions. The performance evaluation of innovation objectives alone receives 310 times of professional services provided by performance evaluation experts.

[Case 7] "Online Court" helps the Internet economy.

In recent years, as a major city for the Internet-based economy and with the rapid development of e-commerce, Hangzhou sees an increasingly large number of e-commerce related disputes, and more of such cases enter legal procedures year by year. E-commerce related disputes often cross different regions and some even cross national borders. Various evidences are formed online and the parties concerned in the disputes often are faced with the inconvenience of long-distance litigation, which all presents urgent demands for online judicial services.

In response to the trend and in order to explore effective judicial protection on Internet, the courts at three levels in Zhenjiang initiated online tribunal for e-commerce related cases at the beginning of 2015. The first batch of pilot courts are Hangzhou intermediate court, West Lake court, Binjiang court and Yuhang court, which are dedicated to trial and study e-commerce related cases. In August 2015, online tribunal for e-commerce cases comes on stream officially with various work underway orderly. Firstly, the entire judicial process is made online, including filing, delivery, proof, cross-examination, trial, mediation, sentence and execution. Each and every link of the judicial process is made online and all the steps of the litigation are recorded. Secondly, multiple platforms are bridged. Online tribunal is connected to various e-commerce platforms seamlessly with sharing of information stored in cloud terminals. It takes the parties concerned only five minutes to file the case online. Thirdly, structured guidance is available online. Online tribunal is able to not only extract the

data on e-commerce platforms automatically, but also guide the parties concerned through the entire litigation process, such as the choice of the court, the filing of the litigation request, the calculation of the compensation, and the legal citation. Online litigation is made as easy and convenient as online shopping. Fourthly, intelligent applications are explored. With the help of big data technology, the function to prejudge cases is developed to serve as references to the parties concerned for the litigation and mediation so as to conserve judicial resources and facilitate pre-litigation mediation. Fifthly, online tribunal is connected to various e-commerce platforms, and also opens to other courts which handle many e-commerce disputes. Sixthly, diversified dispute settlement methods are promoted to include the diversified mediation forces, such as lawyers, arbitration authorities and industry associations, and the online mediation center to build a cross-regional team of online mediators.

Online tribunal has a created a diversified settlement mechanism for disputes and conflicts under the Internet plus trial model. Since the tribunal was open online more than one year ago, it has received more than 16,000 cases, and settled almost 6000 disputes. Online tribunal promotes the reform of trial methods with an Internet-based thinking, and generates remarkable economic and social benefits in promoting the sound development of the e-commerce industry, facilitating e-businesses to participate in litigation, reducing the cost of judicial services, improving the quality and efficiency of the trial and cleansing the development environment for e-commerce. The highly effective, efficient, transparent and just online tribunal has attracted high attention and also praise from the society. The Supreme People's Court fully recognizes it and considers it as a major innovative measure that has far-reaching significance. Alibaba group said in a letter that the online tribunal for e-commerce cases plays a positive role in clearing the channel for litigation, improving its compliance capacity and reducing the caseload. Extensive coverage of the online tribunal is seen in central, provincial and city-level media outlets.

Hangzhou intermediate court submits the online tribunal as an innovation project for 2015, which wins unanimous praise from the experts in the performance evaluation of projects striving for innovation and excellence of agencies directly affiliated with city government and is ranked the first. This is a vivid case in which the various localities and agencies of Hangzhou makes full use of information technology, makes active exploration of the Internet plus applications, takes the initiative to address the new situations and problems brought about by informatization and improve modern governance capacity so as to adapt to the new situation of social and economic development.

c. Refined government governance is advanced through the standardization of performance management.

The refinement of government governance is to further enhance the service level of government administration and the performance of governance by adopting specialized governance model, standardized tools and scientific monitor and evaluation method while promoting the transformation of government functions and the updating of administration concepts. In implementing government performance management, Hangzhou puts an end to the negative impacts of the way of thinking of almost or random guessing by adopting the quantifiable and measurable standards as the basic requirements for the establishment of objectives and objective assessment so as to make sure the central and key work of the city Party committee and government are implemented fully and clearly.

In the practice of government performance management, Hangzhou encourages government agencies at all levels to combine the actual work of the region with the functions and duties of the agencies so as to discover the shortcomings in public

governance and government service, stay aligned with international standards, formulate a system of standards for the public governance and government service in the region, industry and agency. Special efforts are made to create the Hangzhou standard featuring standardized, refined, specialized, top quality and high-performance public governance and government service, which also serves as an important basis to carry forward performance management and performance evaluation to promote the government agencies to improve the quality and efficiency of their work.

2 Practical Significance

Practice has proven that Hangzhou comprehensive assessment and government performance management have become the "trump card" to transform the style of agencies, the "baton" to address issues relating to people livelihood, the "booster" to promote scientific development, the direction indicator to guide the government's innovation and the new engine to promote modern governance, injecting a strong momentum into the economic and social development and the construction of harmonious society in Hangzhou. As an effective practice of a Chinese local government in performance management, it also has a universal value and epochal significance in developing socialist democratic politics, modernizing government governance, addressing difficult issues concerning people's life, building service-oriented government, and other areas.

2.1 The Institutional Design to Implement the Party's Mass Line in the New Era

As the fundamental line of work of the Party, mass line means everything is for the people, dependent on the people, comes from the people, and returns to the people. Representing the people-centered mentality, mass line is the political language of Chinese characteristics. Citizen orientation and extensive participation are the basic features of modern government performance management. Citizen orientation is actually a metaphor of the customer orientation and also expresses the resistance to and dissatisfaction of the bureaucracy and the tendency of putting government and bureaucrats at the center in traditional government management. In China, government performance management aims at public satisfaction, starts from public demand, responds to public appeals actively, discloses the content and procedure of services, and accepts public monitor and evaluation so as to make sure the provision of public services is aligned with public demand.

In the new era, the Party's work for the people has undergone profound changes. Various mass organizations and new classes keep emerging with different and diversified appeals of interests. Therefore, it is very necessary to thoroughly study the

realization path of the mass line, in particular, establish an effective carrier and work mechanism to practice mass line in the new era. The comprehensive assessment and performance management in Hangzhou provide a normalized and institutional platform to implement the Party's mall line in the new era and make useful explorations in the long-term practice of staying close to the people and serving the people wholeheartedly.

The value system of comprehensive assessment and performance management in Hangzhou fully reflects the core content of the mass line. Firstly, under the leadership of the core values of review and satisfaction by the people and for a long time, Hangzhou extensively listens to the opinions of the people, uses the people's opinions as the basis for the government to make decisions and improve work, and then invites the people to review the results of work with social evaluation, which reflects the Party's fundamental line of work that everything comes from the people and then is returned to the people. Secondly, upholding the purpose of satisfying the people with first-level performance, Hangzhou implements the fundamental tenet of serving the people wholeheartedly in actual and specific work, stressing the guiding thought that people's interests are the start point and purpose of work and stay true to the portrait of the mass line that everything is for the people and dependent on the people.

The work mechanism of evaluation-rectification-feedback that runs through comprehensive assessment is the vivid practice of the mass line. Firstly, people have the right and means to evaluate government agencies and express their opinions toward the work of government agencies, and government agencies at all levels must listen to the appeals of the people carefully. Secondly, people have the right to ask government agencies to make rectifications carefully following social evaluation opinions, turn public appeals into government actions, and also monitor government agencies in the rectification process. Thirdly, government agencies shall give people feedback on the results of rectification, and people have the right to give the second assessment and evaluate the results of rectification of government agencies. The circular operation of the mechanism of evaluation-rectification-feedback fully guarantees the main position of the people in performance management and guides government agencies at all levels to look downward. By closely relying on the people and putting people at the center, Hangzhou further stimulates the "master consciousness" of the people and fully mobilizes the enthusiasm, initiative, and creativity of the people.

Hangzhou is always taking the Party's mass line as a cardinal line to run through the institutional design and concrete operation of performance management. The coverage of public representatives and their participation channels is expanded constantly starting from the beginning of "Vote for Excellence" to the improved mechanism and method of social evaluation, the online social evaluation, the setup of Hangzhou performance exhibition hall, the implementation of the evaluation of public service windows, and the public discussion of government policies on TV. In the formulation of performance assessment objectives, performance monitor, performance evaluation, performance feedback, performance enhancement, and other links and processes of performance management, people are actively encouraged to

take part to fully represent the Party's mass line, and performance management has become a carrier and institutional platform to practice the mass line in a new era.[2]

2.2 The Effective Carrier to Implement the Strategy of Promoting Democracy and People's Livelihood

Since the reform and open up was adopted, the awareness of political participation of Chinese people has generally increased. When people's legitimate appeals of interests cannot be realized through legal and orderly participation channel, people may express them in a more aggressive manner, increasing the cost of government governance, disturbing the normal operation of the political and social system, and even affecting political stability in serious cases. Civic participation needs certain channels and means to achieve sound and orderly operation, and the government shall actively provide the channels and means of participation and promote the institutionalization, routinization, and legislation of civil participation. Civil participation is a development trend of modern democratic politics, whose sound operation can not only activate part of the sunk stock democracy, but also realize incremental democracy. Government performance management is able to provide institutional guarantee for the realization of the strategy of using democracy to improve people's life. With institutional development, Hangzhou effectively combines the development of socialist democratic politics and the solution of problems concerning people's life, provides an effective channel for the citizens to take part in the decision-making and execution of government public policies with the democratic participation means of social evaluation, and improves people's life and answers people's appeals by actively responding to the hot spot and difficult issues of public concern. Thus, the strategy of using democracy to improve people's life is realized, normalized, and standardized.

The formulation and development with the times of the work mechanism of addressing seven major difficulties make social evaluation an important carrier to use democracy to improve people's life and construct the agenda of policies concerning people's life. In the process of addressing seven major difficulties, relying on the platform of government performance management, Hangzhou adopts a three-in-one work mechanism consisting of Party and government agencies, residents, and the media to strengthen the appeal response mechanism of evaluation-rectification-feedback and comb through, break down, respond to, supervise, and implement social evaluation opinions. Government agencies at all levels must listen to the opinions and suggestions of the people humbly, accurately grasp the demands of the people, and take practical and effective measures to seriously rectify the problems. The city assessment and evaluation office takes the issues attracting noticeable public criticism and of major social influences as the key objectives for rectification and

[2]Qiantang Forum, Outlook on Satisfaction with Dissatisfied People-Interview Record of Wu Bin and Yu Xunda on Hangzhou TV station, Aug 31, 2013.

discloses them to the public and accepts public supervision. It also takes the degree of satisfaction by the people toward the results of rectification after social evaluation opinions as a special assessment objective in the comprehensive assessment of agencies directly affiliated with city government. In the annual comprehensive assessment, the city assessment and evaluation office surveys the degree of satisfaction of various levels of voters toward the work of addressing seven major difficulties through social evaluation questionnaires and asks the people to define the effectiveness and the future focus of the work of addressing seven major difficulties. A report on social evaluation opinions is produced by combing through and comprehensively analyzing the questionnaires and the opinions and will be submitted to the city Party committee and government as a reference for making decisions and an important basis for governance.

The formulation of the work mechanism of addressing seven major difficulties and the gradual development into the framework of seven plus two and seven plus X are the vivid practices of the strategy of using democracy to improve people's life by Hangzhou city Party committee and government, promoting the discovery of issues concerning people's life. The solution model develops from the traditional top-down making decisions on behalf of the people to the bottom-up participatory governance, becoming a name card for Hangzhou to support and improve people's life.

2.3 An Active Exploration of Promoting the Modernization of Local Government Governance

In the process of advancing the modernization of the national governance system and governance capacity, local governments are required to develop their governance concept, method, tools, and technology with the times. Government performance management is an important driving force in enhancing public policies responsiveness to and absorption of public opinions, improving the quality of public products and services, addressing difficult issues on social governance, and elevating the people's satisfaction with and trust in government agencies.

With the rapid national economic and social development, some deeply seated contradictions that have formed over a long period of time start to emerge. The development of the times and the expectation of the people put forward new and higher requirement for public governance, which first requires the government to understand public appeals in a timely and accurate manner. As displayed in the practice of government performance management in Hangzhou, empowering people with the right of speech and inviting the people to give comprehensive evaluation of public agencies at all levels not only represent the orientation toward people's satisfaction, but also enhance the problem discovery function of performance management. Compared with the ordinary channels to collect public opinions, the people, in the process of taking part in government performance management, pays attention to their own interests and also public policies, public affairs and issues of public

focus, and expresses their opinions in multiple perspectives and at multiple levels. Hangzhou city Party committee requires government agencies at all levels to take a proper attitude toward public opinions and suggestions. Understanding determines actions and attitude determines intensity. In response to remarkably increasing social opinions and suggestions, we shall first solve the problem of how to view them. There are two general rules. Firstly, we shall not be arrogant or discouraged. Secondly, we shall correct mistakes if we have made any and guard against them if we have not. We shall see in opinions and suggestions the confidence in development, the direction for efforts, and the responsibility on our shoulder.[3] With such a problem discovery mechanism, Hangzhou city government is able to help government agencies at all levels to accurately locate the problems so as to make it possible to solve the problems and relieve the tension in a timely and effective way and also provide direction for government innovation.

Modern national governance involved multiple players, such as government, society, market, and the public, who are all important participants in the administration of public affairs, and no single player can assume all the responsibility of governance. In the process of government performance management, Hangzhou establishes an institutional platform for public participation, which plays an active role in promoting the diversification of local governance. On one hand, it opens up a pragmatic channel to ensure orderly political participation by citizens and promotes the diversification of the subjects of governance. On the other hand, by improving the efficacy of public participation, which means the government responds to public appeals in a timely and effective manner and gives feedback on the collected opinions, countermeasures and policies, and the final results of actual rectification, its governance capability and performance are improved constantly, thus enhancing people's trust in the government, establishing a close partnership between government and the society and public, and forming a good pattern of joint governance.

In Hangzhou, the positive interaction between the government and the public allows the public to take part in government decision making more comprehensively and deeply and also provides government decision making with a broad basis of public opinions to greatly reduce the resistance to the implementation of policies. The public participation and the use of public opinions in government performance management have added to urban public governance democratic features and become practical channel to realize "incremental democracy" and implement the institutional arrangement of the citizens' "four asks and four rights" (ask people for information, know their demands and ideas, and their opinions about the performance, the rights to know, participate, choose, and supervise). The openness and transparency of government performance management have promoted the openness of government decision making and urban public governance and enhanced the public's recognition and satisfaction with the government. "The participatory performance evaluation in the

[3] Speech delivered by Zhao Yide, member of the Standing Committee of Zhejiang provincial Party committee and secretary of Hangzhou city Party committee, at a meeting summarizing the work of Hangzhou in comprehensive assessment in 2015 on April 21, 2016.

comprehensive assessment in Hangzhou covers the entire process and all important areas and has certain guidance significance in China."[4]

Government performance management has a significant role in promoting the level of public services. The comprehensive assessment in Hangzhou gives full play to its internal discovery, coordination, and improvement function, helps various agencies to constantly improve their performance in daily work and enhance the level and capacity of providing public services, and vigorously promotes the construction of service-oriented and efficacy-oriented government. The application of a series of government performance management tools and the transformation of government governance model, such as improving objective management method by carrying forward refined management, establishing annual objective performance enhancement work mechanism, conducting assessment, evaluation and diagnosis of the performance of objectives, and setting up a promotion mechanism for the government to strive for innovation and excellence, promotes the transformation of the internal operation logic and method of the government and guides the remake of the procedures in government and adapt to the demand of increasing government governance capacity in the new era.

2.4 The Pilot Program to Carry Forward Government Performance Management of Chinese Characteristics

The USA, UK, New Zealand, and many other countries have vigorously promoted government performance management, reforming and reshaping the government, improving its responsiveness to the people, enhancing the performance of government administration, and thus becoming the benchmark for government reform movements and government performance management. Since the 1990s, some local governments have stood on their actual situations, made active explorations and courageous practices, and constantly promoted government performance management. Hangzhou is one of the cities making early explorations of government performance management. In the past 25 years, Hangzhou advances, deepens, and improves its government performance management constantly, thus accumulating abundant experience in and providing useful inspirations to local government performance management.

Hangzhou sets up the first domestic functional department dedicated to the performance assessment and evaluation of Party and government agencies. In August 2006, Hangzhou sets up an office for the comprehensive assessment committee as a bureau-level permanent agency of Hangzhou comprehensive assessment committee. The setup of a special agency promotes the organization, institutionalization, and specialization of the government performance management work in Hangzhou and

[4]Yu Keping, Cheng shi zhili yu chuang xin de ruo gan qu shi (Several trends in urban governance and innovation), keynote speech at a seminar on modernizing governance and making performance management more scientific, http://kpb.hz.gov.cn/showpage.aspx?id=932.

provides a strong organizational guarantee to the sustainable and in-depth development of government performance management.

Institutional development requires stability and also breakthroughs. In the practice of exploring government performance management, Hangzhou adheres to the value concept and mentality of openness and promotes the constant improvement and innovative development of government performance management system. On April 25, 2008, the city assessment and evaluation office releases the annual report on social evaluation opinions for the first time, whose full text was published on Hangzhou Daily, the portal Web site of Hangzhou government and Hangzhou assessment and evaluation Web site. Xinhua news agency also publishes a story titled *For The First Time in China, Hangzhou Discloses the Evaluation Opinions of Agencies Directly Affiliated with City Government by All Sectors of the Society*, which is reposted by Xinhua website and People's Daily Web site in prominent positions. In the past decade, releasing report on social evaluation opinions has become a system, which is called the most authoritative white paper of social and public opinions. The significance of disclosing the report to the public lies in promoting the government to face problems squarely and daring to take responsibility and be held accountable, which reflects the institutional confidence of government performance management in Hangzhou.

Inspiring and leading government innovation is another distinctive feature of government performance management in Hangzhou. With performance evaluation, the government innovation in Hangzhou forms a unique path. With government leadership and public participation, in order to respond to external pressure and seek breakthroughs, Hangzhou makes vigorous efforts to enhance modern governance capacity by adopting a method combining concept guidance and practical exploration and resorting to innovation in thinking, mechanism, and tools. This new model of local government innovation has been recognized by many experts and scholars. After reviewing the performance management of Hangzhou government, Professor Marc Holzer, dean of the School of Public Affairs and Administration of the State University of New Jersey, and former president of the American Institute of Public Administration, said: "The practice of performance management in Hangzhou is up to international level. Its exploration integrating practice and taking advantage of the system is worth learning by the world." The platform of striving for innovation and excellence is adopted to guide and promote government innovation in comprehensive assessment in Hangzhou, which is an enhancement of the concept of performance evaluation. Jing Yuejin, deputy director of the Department of Political Science at Tsinghua University, said: "In Hangzhou, comprehensive assessment is the pivot to lever government innovation. The government innovation of Hangzhou is triggered by assessment, which is like crossing the river by feeling the stones, but it truly provides some useful experience for the transformation of the political system of China."

Government performance management in China follows the basic development path of local pilots first and then promotion by central government. In 2011, Hangzhou becomes one of the pilot cities for national government performance management, which reflects, to some degree, that Hangzhou has made positive achieve-

ments in pioneering government performance management and has been recognized by central government. In 2015, after many years' investigation and deliberation, *Hangzhou performance management regulation* is rolled out officially. As the first local regulation on performance management that has been refined and summarized on the basis of practice, the regulation not only marks a qualitative leap of government performance management in Hangzhou on the path of legislation, but also is of landmark significance in the process of the development of local government performance management in China.

As a pioneer in promoting local government performance management, Hangzhou makes active explorations and courageous practices in developing government performance management system and performance management mechanism of Chinese characteristics, setting up a useful example for the full advancement of government performance management across the nation.

Chapter 11
The Difficulties, Strategies, and Divisions in Government Performance Management



1 Difficulties in Government Performance Management

Government performance management is not only a management tool, but a new concept. As a systematic theory and methodology, government performance management has its roots in the Western and administrative culture and socioeconomic environment. Therefore, the implementation of government performance management in China needs a localization process, and it will encounter cultural and political constraints.

1.1 Impact of Traditional Culture

The Chinese traditional culture is a national culture that is deeply rooted in Chinese civilization and reflects the typical Chinese national characteristics. It is also an ensemble of the thoughts, ideas, beliefs, and concepts in the national history. The Chinese traditional culture is not only a record of the history of the Chinese nation and culture, but is also deeply ingrained in every Chinese as time-honored ways of thinking, values, codes of conduct, and customs that have been passed down from generation to generation, which inevitably has profound impact on today's society. Therefore, traditional culture also affects the implementation of government performance management in China.

The first factor is China's traditional ideas. The works and thoughts of great philosophers in ancient China as recorded in books such as *Guang Zhong, Tao Te Ching*, *The Analects of Confucius,* and *Master Sun's Art of War* have inspired modern management theories and been received more and more appreciation from management experts and scholars. Admittedly, some of the ideas in the Chinese traditional culture have served as the roots of the long-standing idea and a policy of "keeping the people in ignorance." For example, the Taoists advocated that "the ancients who showed their skill in practicing the Tao did so, not to enlighten the people,

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but rather to make them simple and ignorant (*Tao Te Ching*, Chapter 65) and "if we could renounce opportunistic trick, it would be better for the people hundredfold" (*The Book of Chuang Tzu*); the legalists argued that "and ignorant people is easy to rule" (*The Book of Lord Shang*); and the confusionists advocated that "the people may be made to follow a path of action, but they may not be made to understand it" (*The Analects of Confucius*). Moreover, as the traditional Chinese culture tends to be inward looking and averse to openness, the rulers of different dynasties had a generally maintained regime "holiness" and legitimacy through the control of information, creating "information asymmetry" between the ruler and the ruled. In ancient Chinese culture, particularly among ordinary people, such a phenomenon has long been held as natural. "When those who eat meat have planned this action, why should you interfere?" has become a common psyche among the population that prevents the public from participating in governance, and its impact is still felt today: The operation of the government is not transparent enough, it is common to see "information asymmetry" between government authorities and the general public, and the public is far from eager to participate in governance. All these have made it more difficult to objectively evaluate the performance of government departments. As Vincent A. Ostrom said, bureaucracy "will transform citizens into dependent masses, and will make impotent 'dilettantes' of their political 'masters'… the dominance of a bureaucracy depends upon its capacity to monopolize information behind a facade of secrecy, to preclude competitive rivalry among aspiring officials, and to monopolize the professional expertise available in a society" (Ostrom 1999). In political activities, the government, which has the information advantage, when conducting the making, selection, and implementation of policies, may not necessarily choose the public policies that best suit the interest of the society and the population. On the other hand, the public that is information disadvantaged is not able to tell whether the government's policies and activities are in the interest of the public. Such a situation and make the starting point and outcome of government performance management deviate from the original objective. The limited channels for institutionalized participation make it impossible for the general public to know about the situation of government policy making and implementation or government performance. As government performance management is an open governance approach participated by multiple actors, its effect will definitely be affected by the lack of institutionalized channels for public participation and information asymmetry.

The second factor is the "official-rank-oriented standard" which has existed in the Chinese culture for over 1000 years and is deeply rooted in China's administrative culture. In the feudal-bureaucratic system, the stratification is rigid and cannot be overcome. Higher position means higher power, better treatment, and higher status. The relationship between the superior and subordinate is not one of interaction but that of the subordinate completely being subject to and compliant with the superior. For the subordinate, he only answers to his superior who controls his fate. Under this system, individuals, instead of principles, order and laws, rule the country; what matters is the will of the superiors instead of legal procedures. Up till now, the mentality of "official-rank-oriented standard" still affects some government officials' perception apart performance. Some local government officials do not govern for the interest

of the people, but to draw attention from the superiors; they would even impress the superiors at the cost of public interest. Particularly, the impact of the mentality of "official-rank-oriented standard" would prevent giving the role of government performance management full play as a scientific management tool. The patriarchal style of work is still affecting how the government is run, resulting in power worship and a complete ignoring of public participation in decision making. Such a culture is the antithesis of government performance management, the trademark of which is multi-party governance.

The third factor is the Chinese way of thinking and act. Different from the traditional Western way of thinking that values accuracy and empirics, the traditional Chinese way of thinking is characterized by vagueness and holism, which is manifested in cognitive and behavioral habits that disregard accuracy and empirics. In government management, such habits lead to an atomized environment for management participants. That is, individuals may only make choices based on their own and limited cognition, consciousness, or intellect, which is described by the Chinese saying as a process that "can only be felt but not expressed." Mr. Ray Huang put forward an important point in the book *1587, A Year of No Significance: The Ming Dynasty in Decline* that the downfall of the Ming Dynasty was not because of moral or technological reasons, but because of the inability of mathematical management. That is, a bureaucratic system that was content with vague operations is unable to effectively mobilize the human and financial resources of the whole society, and the lack of "mathematical management" and the cultural tradition of vague operations are incompatible with performance management that requires indicators to be quantifiable, accurate, and scientific. In the current administrative management activities, it is common to see qualitative rather than quantitative evaluations, and officials are used to conduct evaluations in a careless and ambiguous manner. Some departments, as they find it hard to adapt to some of the approaches applied in performance evaluation, tend to complain about, or even resist government performance management.

1.2 The Problem Caused by Pursuit for Political Performance

As the reform and opening up continues, particularly when it enters into the twenty-first century, the traditional extensive development path has been increasingly unsustainable and it is imperative for the economy to be transformed and upgraded. This requires the government to accelerate functional transitions, step up reform, further decentralize, innovate ways of governance, and improve government performance. However, some local governments and officials still only pay attention to immediate gains. This is caused by the wrong "performance perception" and "performance anxiety" originated from peer pressure, which has been detrimental to the implementation of government performance management.

First, the wrong "performance perception." In practice, the ideas and perceptions formed during the many years when GDP was the only goal and government man-

agement followed an extensive approach are not compatible with the requirements of performance management. Some local governments merely adjusted the traditional objective responsibility evaluation system, but the old practice of valuing quantity instead of quality, valuing speed instead of efficiency, and evaluating visible instead of potential performance remain unchanged. Local officials continue to seek GDP growth rate as the only indicator of government performance, and it is still common to see "image projects" and "promotion based on GDP figures." When the goals of economic growth and social stability run counter to the basic ideas and requirements of performance management, the values that performance management emphasizes, such as quality, efficiency, cost, and customer satisfaction, are easy to be foregone for traditional performance perceptions that emphasize speed, quantity, scale, and "political account over economic account." Particularly, when there is economic downward pressure, the goals of maintaining growth rate and stability would be prioritized at the expense of the tasks of structural transition. To some extent, it is easy for the "path dependence" of development mode to lower performance management to a "baton" that only points to the GDP growth rate. Against this background, the government performance management mechanism would be trapped in a dilemma as it is difficult for the mechanism to play its due role.

Second, the "performance anxiety" caused by peer pressure. Local governments face three kinds of pressure. The first pressure originates in competition between different regions or cities. Regional competition is not only the competition between local governments but the competition for the interest of the region as a whole participated by multiple actors including local governments, enterprises, and residents. However, as local governments serve as the driving force for regional socioeconomic development in China, they are major actors in the regional competition, and the regional competition has become a competition between local governments to a large extent. The second pressure is social development. As the Chinese economy and society continue to develop, the general public has been increasingly aware of their rights. Therefore, it is necessary for local governments to address the public's demand to participate in public policy as well as problems raised by the public regarding people's livelihood and development. Third, pressure caused by competition among officials. This kind of pressure stems from pursuit for political performance and promotion, and when it combines with the uncertainties regarding actual duration of terms, it will drive government officials to be more innovative and have the so-called performance urge for better reputation for the local government and individuals and to accumulate political asset for individual career development. The resulting conundrum and anxiety would lead to some officials to be anxious for quick success and immediate gains, valuing visible over potential performance, image over essence, and form over substance. Some of them would do anything for good "political performance" during their terms at any cost and is through any means.

Guided by such a mentality and the wrong perception about performance, the application of performance management tools is bound to deviate from its original goal. It is even possible that the more attention is paid to "performance management," the more evaluation tools are used, the more counterproductive the final result will be.

1.3 The Absence of Institutional Guarantee

Performance management is a systematic, highly professional process that involves wide-ranging areas and high work levels. It requires strong institutional guaranty to ensure its continued and effective implementation. The performance management practice of major Western governments reveals that the continued implementation, improvement, and reform of government performance management to not only hinge upon the strong backing of leaders but also the incorporation of government performance management into the legal system and the sound institutional guaranty for government performance management. However, in China, relevant central- and local-level laws and regulations for government performance management are lacking. Moreover, there is large room for improvement in terms of organization, operation, and implementation of the functional departments for government performance management.

First, performance management in local governments is mostly "spontaneous" and "random." At present, China has yet to enact specific laws on government performance management. Therefore, relevant programs are mainly based on "official documents" issued by the local Party committees and governments instead of institutionalized arrangements. Admittedly, many localities have come up with certain good practices with local characteristics after a lot of explorations on the basis of local conditions. However, problems are still rife. For example, as local practices in government performance management are, to some extent, random, officials would come up with a variety of different management methods for better-looking performance. But as these methods are set on the basis of individual officials' preferences, it is common that they will be discontinued as soon as officials leave their posts. As a result, the performance evaluation programs in many localities lack continuity and consistency.

Second, a national government performance management system is yet to be established. A national "top-down" government performance management system is absent in China's state governance system, and government performance management institutions and the functions have yet to be incorporated in the national government establishment. The State has yet released any comprehensive guiding document on government performance management. There has yet to be any plans to make laws on government performance management yet. The local organizations and institutions for government performance management are affiliated with different departments with vague responsibilities and different forms.

Third, the functions and responsibilities of different government departments are not clearly defined. One symptom is that several departments are responsible for the same matter. On the other hand, government responsibility vacuum exists, i.e., some issues cannot be addressed as no responsible government authority could be found. This is essentially a result of the fact that the government-dominated development model has not been changed: On the one hand, the government retains too much resources and allocation power; on the other, the institutional arrangement for public service provision is yet to be improved. Therefore, the "mismatch," "overstep-

ping," and "absence" of responsibilities are rife. The lack of clear responsibilities also resulted in the establishment of a large number of expedient coordination departments, further exacerbating the fragmentation of government functions and responsibilities. As the precondition of government performance management implementation is the institutionalized and clear government functions and responsibilities, the vague responsibilities definitions would make it next to impossible for government performance management to achieve accurate evaluation.

1.4 Limitations of Technical Approaches

It has been accepted in the public management area across the world that it is hard to evaluate government performance. This is mainly manifested in the application of evaluation techniques. The main problems with the application of techniques in government performance management are listed as follows:

First, the characteristics of government functions make it difficult to have unified evaluation criteria. Due to the uniqueness of government responsibilities, it is hard to find corresponding reference points for comparative evaluation. Sometimes stark differences among different localities and those among different government departments pose a severe challenge to the design of the evaluation system.

Second, the problem of information asymmetry in social evaluation is inevitable. On the one hand, representative members of the public who were supposed to give the evaluations are not very clear about different responsibilities of different government departments; on the other, the knowledge and information possessed by the said representatives may be limited due to their levels of education and different specialties, which may exacerbate the knowledge and information asymmetry in the evaluation process.

Third, the social hotspot issues may make it difficult for individual interests to be expressed. In practice, it is easy for some major social issues and hotspot events to have the so-called projection effects. For example, industrial scandals in one place result in lower social evaluation for relevant organizations in another place. Some long-standing social problems may become the focus of public opinion and affect how individual members of the public tend to offer evaluation of relevant issues, and the opinions on such issues may most likely stay unchanged. On the other hand, such hotspot issues are usually problems popped up in the development process and either require time to address or have to be solved from a national strategic standpoint. As a result, the relevant evaluation may not achieve the best effectiveness.

Fourth, the development of information technology has brought about new challenges. In recent years, governments at different levels have established massive administration information systems. However, the degree of information sharing is low. Not only that the information is rarely open to the public, but also there are a lot of obstacles to information sharing and connectivity within the government. In other words, "information islands" are common. As a result, the cost of constructing, using, and managing information systems remains high, while it is difficult to conduct real-

time monitoring, performance evaluation, and outcome application for government performance management. Moreover, in the era of information technology, subjects such as how to expand effective participation of multiple stakeholders with mobile Internet and how to use its data to analyze and evaluate government performance have become new research projects for government performance management.

2 Basic Strategies for Government Performance Management

When it comes to government performance management, both strategies and tactics matter.

Strategically, the central government has made the importance of government performance management explicit. The 2005 government work report put forward the establishment of a scientific system of government performance evaluation. Since then, significant progress has been made. By 2008, the government work report had proposed to step up efforts to implement government performance management system. It was proposed at the 18th Party Congress to innovate on how the administration is conducted, strengthened government credibility and enforcement power and push forward government performance management. The Third Plenary Session of the 18th CPC Central Committee put forward that the overarching goal of comprehensively deepening reform is to improve and develop the socialist system with Chinese characteristics and achieve the modernization of the state governance system and governance capacity. All these have shown that performance management has been put high on the agenda nationally and strategically.

To effectively advance government performance management in practice, consideration must be given to actual tactics and policies and managing basic relationships properly.

2.1 Values, Ideas, and Institutional Design

Government performance management, as a kind of strategic management, must be guided by values, while values must be put into practice through institutional design. Therefore, institutional design and values are the two sides of the same calling and cannot be separated from each other.

a. Institutional design must be guided by values

Values and ideas should always come before the development of institutions and actual practices. As a new approach of China's government management, government performance management can only have sound development on the basis of clear values and ideas that are compatible with the development trend of the times.

First, the institutional design must be people-oriented. The subjects of government performance management are government organizations, but the institutional design must go beyond that and take into full consideration the human elements in government operation, including individual needs, behavioral motivations, and social psychology, etc. It may be counterproductive if the institutional design only takes into account index but not people, or only takes into the performance but not management. Some local governments tend to regard performance management as simply setting up an index based on which evaluation may be conducted at the end of each year, which is incorrect. Indeed, performance management needs to take into consideration indexes, but the human factor cannot be ignored. In other words, attention must be paid to the integration of organizational performance and individual performance through institutional design that may effectively motivate performance participants to have more initiative and creativity and eventually achieve high-quality performance. Otherwise, people may only be willing to work for indicators over which immediate scores are easy to get or only take several evaluation indicators seriously while overlooking important groundwork or work not listed as evaluation indicators.

Second, the institutional design must be scientific. It is inevitable that any institution will have its pros and cons. It is therefore important to design according to local conditions while making efforts to prevent negative effects. An ill-designed institution may be counterproductive. For example, in 2005, the Hangzhou municipal government decided more points would be given to government departments that have launched innovative programs. However, due to lack of experience, the municipal government prescribed that a program may only be regarded as "innovative" when it has obtained a written proof from a central government department that says so. As a result, at the end of the year, many municipal government departments had to send staff members to Beijing for certifications from competent national authorities. The consequent negative impact is obvious, as government expenses increased for little achievement. Realizing the problem, the municipal evaluation office made major adjustments to how "innovativeness" was evaluated the next year. The Office invited experts to conduct third-party performance evaluation and achieved good results acknowledged by different stakeholders. The lesson, therefore, is to take institutional design seriously from the very start, weigh pros and cons, and compare different options in order to prevent or minimize the negative effect as much as possible.

b. Values and ideas need to be put into practice through institutional design

Institutional design is fundamental for governance improvement. Even the best values and ideas will be just empty words if they could not be put into practice through institutional design. To transform the values and ideas of government performance management into management practice, it is necessary to integrate such values into every step of the work in process as well as the hearts and minds of participants.

There is still a long distance between the ideal and practice of "let the people evaluate." It has been a consistent theme in Hangzhou's government performance management to try to make sure that the general public may truly participate in government performance management. In terms of institutional design, the Hangzhou

municipal government has always upheld that the general public must be given the most important role and make sure that public participation weighs heavily in a comprehensive evaluation. Social evaluation made by representative members of the public from nine major sectors weighs 50%; if take into consideration scores on indicators such as rectification and reform according to social evaluation, special project performance evaluation, and customer satisfaction, opinions from the public weigh far more than 50% in the overall performance management system. Moreover, there are various channels through which the general public may participate in performance evaluation. Examples include annual social evaluation, evaluation of service windows, special project social evaluation, performance information collection, online evaluation, and the WeChat public account "Performance Hangzhou." Attention has been paid to the institutionalization of such channels so that the public may fully and easily participate in government management and that idea of "let the people evaluate" may be put into practice through institutional design.

It is the government's responsibility to "achieve performance," but what is equally important is institutionalized regulation, guidance, and incentives. When conducting government performance management, Hangzhou has upheld the principles of "strategy-oriented, citizens-oriented, responsibility-oriented, innovation-oriented" and established a set of government performance management mechanisms, including the "evaluation-rectification-feedback" work improvement mechanism, day-to-day performance monitoring mechanism, key project coordination mechanism, innovation and excellence promotion mechanism, coordination mechanism for performance management authorities and comprehensive evaluation rewards, and punishment system. These institutional designs jointly contributed to encouraging government departments and civil citizens to strive for first-rate work performance.

2.2 Takes Seriously Learning and Local Conditions

It is the basic strategies of innovative development of government performance management to learn from others and take into consideration local conditions, both of which are equally important. Hangzhou's practice in government performance management has been based on references to theories and practices of domestic and overseas government performance management, and it can also be regarded as a new approach of local government performance management with Chinese characteristics deeply rooted in the city's local conditions.

a. Learning from others is necessary for government performance management development

It is fair to say that the basic theories, major functions, performance management system, workflow, performance communication, and feedback application of government performance management are similar in different places. That is, government performance management in different governments and countries share similar char-

acteristics. This makes it possible for learning from others in order to avoid detours and reduce costs.

The performance management of the Hangzhou government has incorporated some of the elements of performance management theories and practices both at home and abroad. Regarding performance goals and methodologies, Hangzhou has drawn lessons from methodologies such as objective management theories and 360 performance evaluation. Objective evaluation is developed on the basis of the practice and development of Western objective management theories and the objective-responsibility system that China used to implement. In practice, the "SMART" theory has been fully applied. The whole evaluation process reflects the ideas of the 360 multi-source assessment system and government performance evaluation, such as supervisor evaluation, self-evaluation, departmental evaluation and social evaluation, as well as third-party evaluation conducted by external experts.

When Hangzhou was implementing government performance management, the municipal government conscientiously avoided "all-takenism" and applying the system in a sweeping way. Instead, efforts have been made to take the city's socioeconomic development conditions into consideration and carry forward the system prudently and steadily. Abundant social capital is the main precondition for the feature of "citizens-oriented." Located in the southeastern coastal areas of China, Hangzhou boasts relatively developed market economy and rich social capital. People from all social sectors have relatively strong awareness for democratic participation, which makes it easier for Hangzhou to encourage the general public to engage in social evaluation. In 2000, the municipal government launched "vote for the government department that provides the best service," which was well received and actively participated by people from all walks of life. Ever since then, the passion of the general public to participate in government performance evaluation has maintained high. The Hangzhou Municipal Party Committee and Municipal Government have always taken the institutionalization of public participation seriously and made efforts to ensure that there are clear measures in place to guarantee the participation channels, methods, content and outcome application. Ultimately, public participation was incorporated in the "Hangzhou Municipality Performance Management Regulation," providing legal protection for the public's right to participate in government evaluation.

Government performance management in the West is mainly implemented through budget control and is relatively easy on the operational level, as control of government performance may be achieved through performance budget, performance evaluation auditing. This suits the Western political systems well.

It goes without saying that this approach cannot be simply transplanted to China and that a new path that suits China needs to be found. The Hangzhou experience has shown that a visible approach toward government performance management that is suitable for China's conditions is to control or boost government performance improvement through the housing public participation and introducing external evaluation and oversight.

2.3 Revolution and Rotation

"Revolution" means that when implementing government performance management, it is a must to regard the overarching goal of improved service and development as the priority and achieve the central and the key projects as decided by government decision makers through the means of performance management; "rotation" means that during the process of government performance management, relevant departments must follow the basic rules of performance management, stick to the basic ideas and principles of performance management, constantly improved the system and methodologies of government performance management, improve the quality of performance management and strive for successful development of all related projects. More practice and reflection are needed to make sure that government performance management may "revolve" around the central government tasks and "rotate" according to how performance management works as the same time. Overall, efforts must be made to ensure that government performance management will contribute positively to scientific development and the "Four Comprehensives," namely comprehensively building a well-off society, comprehensively deepening reforms, comprehensively implementing the rule of law, and comprehensively strengthening the Party's discipline.

a. Revolution is the precondition

The "revolution" of government performance management means that the government decision makers must realize and acknowledge that government performance management may contribute to the effective implementation of key projects and maybe used as a major starting point for enforcing government decisions and pushing forward key projects. When government performance management lacks institutional guarantee, it is all the more important to have the backing of government decision makers. Only when government performance management does a good job in "revolving,", that is, serving the central tasks and overarching goals well and demonstrating to leaders at different levels of government that government performance management is a rather useful tool will it draw the attention of government leaders, who will in turn better apply this tool in actual work. Therefore, "revolution" is the precondition of promoting government performance management as well as the first priority of performance management. If performance management cannot serve the central tasks and overarching goals, it will only be deemed as "a castle without foundation" and not be taken seriously.

Since the launch of "voting for the government department that provides the best service," the Hangzhou city has always regarded important decisions and deployments made by the Municipal Party Committee and Municipal Government as the first priority in government performance management, strengthening evaluation on key projects to make sure the implementation of important strategic decisions.

The main motivation behind the "voting for government department that provides the best service" program launched in 2000 is to address the bureaucratic working style problems in the soft environment for the development of Hangzhou. Major

leaders in the Municipal Party Committee at the time observed that government functionaries were unable to see the big picture, only regarded departmental interests is the most important, valued form over substance, implemented work plans poorly, had complicated approval procedures, low working efficiency, and service quality. All these problems had already become the limiting factors for the socioeconomic development of the Hangzhou municipality. The launch of the voting program was a timing dose for these problems.

Since then, a series of important strategic decisions for the development of the Hangzhou municipality have been implemented and become priorities in government performance management. These decisions include achieving quality life for people, coordinating urban and rural development, utilizing innovation to drive development, implementing the "number one project," pushing forward the internationalization of the city and ensuring good service for the G20 Summit. Based on the principles of "simplicity, optimization, effectiveness," Hangzhou's government performance management constantly improved the institutional design, highlighted strategic and performance orientations, and substantially cut the number of general goals to give priority to important projects set up by the Municipal Party Committee and Municipal Government. At the same time, in order to highlight priorities, simplify the process of evaluation, reduce burdens and boost efficiency, classify special evaluation objectives into key objectives and general objectives based on the degrees of importance and evaluation outcomes, and manage accordingly, the important annual projects set up by the Municipal Party Committee and Municipal Government that involve cooperation between multiple departments are listed as important special objectives and evaluated as a separate category. Moreover, individual awards for these special objectives I established in the comprehensive evaluation. Institutional improvement further strengthened the function of the Hangzhou government performance management to "revolve" around the central tasks and overarching goals.

The efforts and achievements made by Hangzhou government performance management in implementing major strategic decisions and policies of the Municipal Party Committee and Municipal Government have won attention and support from the Municipal Party Committee and Municipal Government, providing strong organizational guarantee for the consistent deepening and improvement of performance management.

b. "Rotation" is responsibility

Apart from similarities with other government administration functions, government performance management has its own characteristics, in other words, the intrinsic rules of performance management. It is exactly such kind of "characteristics" that has decided that performance management has its own irreplaceable value. The so-called rotation means following the intrinsic rules of performance management, maintaining relative independence and fulfill its "responsibilities" well.

Following the guiding post of serving central tasks and overarching goals of the government, government performance management must be both forceful and flexible. Efforts must be made to establish and improve the system of objectives and responsibilities and strengthen monitoring and evaluation in order to make sure that

the goals and tasks set up by the Party committee and government are implemented. As the "propeller" of scientific development, government performance management must, at the same time, uphold the performance ideas and methodologies, striving to achieve comprehensive, coordinated and sustainable development by paying attention to quality, efficiency, and effect. Some policies and measures appeared to be intensive and they may be necessary and effective in certain periods of development, but they may not be sustainable; on the other hand, some projects requires a lot of in-depth, detailed and long-term effort to generate visible effect. Performance management is different from the traditional objective responsibility evaluation is because it has an integral and strategic vision. This requires us to, when conducting government performance management, manage the relationship between "revolution" and "rotation" well so that they may be coordinated and integrated into a whole. For years, the objective responsibility evaluation system in some localities have only valued GDP or sought high points over some indicators, which tended to result in harmful consequences and misunderstandings about government performance management. Moreover, the direct and crude linkage between evaluation outcomes and officials' promotions would also lead officials to seek quick success and instant benefits at the cost of long-term interests, or even falsify figures to get a promotion.

To sum up, government performance management must revolve and rotate at the same time. "Revolution" highlights the importance of the sense of urgency, and "rotation" stresses the importance of consistent hard work and long-term effect. Efforts must be made to prevent excessive enthusiasm to the extent of backfiring during "revolving" and make sure to have periodic progresses during "rotating." How to balance the relationship between these two in actual work is a huge test for performance management institutions and also an important criterion to evaluate government performance management.

c. Carrying forward and innovation

The Hangzhou government performance management has followed the principles of carrying forward traditions and innovation for over a decade. The valuable experiences of the comprehensive evaluation and performance management of Hangzhou has been to maintain institutional brutality by keeping institutional consistence and stability and carry forward good traditions while making innovations.

– Institutional stability is of utmost importance

Since 2000 when the "voting for government departments" program was launched, the values, ideas, and institutional frameworks of government performance management of Hangzhou has been consistent, and they were not affected by local leadership changes, leaders' shift of attention, controversies, or contradictions. Efforts were slackened even when obvious progresses were made. Despite the fact that many adjustments were made over the technical methodologies, evaluation indicators and content of performance management, the fundamental principles and ideas have always been upheld and the development direction of the institutional framework also remained unchanged.

"Make the people satisfied" has been a consistent goal for government performance management of Hangzhou in different stages, in other words government performance has always been measured by the levels of the people's satisfaction. From the early-stage "let the people evaluate and make the people satisfied" to "strive for first-rate performance and make the people satisfied" in comprehensive evaluation, their ultimate goal has been the same. The difference is that the former is more about achieving the goal of "making the people satisfied" through social evaluation, while the latter not only pays attention to social evaluation, but also utilizes various government performance management methods including objective evaluation and encouraging innovation to motivate government to take the initiative to increase people's sense of satisfaction with first-rate performance. Therefore, the core values have been consistent. But in the past, the approach was to mainly rely on external pressure to change how the government operates. Government performance management, on the other hand, is about motivating the government to take the initiative to timely and accurately respond to the people's needs through the participation of multiple stakeholders from different social sectors, which represents a fundamental shift of the logic and methodology of governance. Government performance management is exactly the driver of such a shift.

In 2011, the Hangzhou municipality was designated as a national-level government performance management pilot city at the State Council government performance management work deployment ministerial joint conference, which are presented a major opportunity for further development of Hangzhou's government performance management. From comprehensive evaluation to performance management, the administration approaches and methodologies had to be adjusted and reformed to a large extent. Based on years of successful experiences in "voting for government departments" and comprehensive evaluation, the Hangzhou municipal government was clear at the beginning that instead of starting from scratch, the work of building a government performance management pilot must be closely linked with the work of deepening comprehensive evaluation. In 2012, after the comprehensive evaluation and performance management work report was presented to the Secretary of Municipal Party Committee Special Sessions, this principle was reaffirmed. The decision was also made at the special sessions that the Hangzhou evaluation office would also be given the title "Municipal Performance Office," thus serving the functions of comprehensive evaluation, efficiency building, and performance management at the same time. This move further guaranteed the consistency and continuity of the performance management system, facilitating the improvement of Hangzhou's government performance management pilot on the basis of the experiences accumulated during comprehensive evaluation.

– The institutional arrangement must also move with the times through innovation and improvement

Only through constant innovation and improvement can institution remain vibrant. As any institution is designed for and implemented by people, the design and application of institution cannot be separated from the human factor; at the same time, institutions

exist in certain time and space and therefore need to adjust according to the general environment and times.

In the over 20 years of practice of government performance management, the Hangzhou government has never been complacent and made constant progress through innovation based on past good practices. The past experiences have laid a good foundation for the city's government performance management and enabled innovation to be more practical and targeted, reducing the risks involved with reform and innovation. Further, innovation makes institution more vibrant, thus increasing institutional resilience and stability.

The development of Hangzhou's government performance management is an epitome of the constant innovation and development of China's local governance. It is three "major leaps" were achieved through bold innovations following the trends of the times. Hangzhou's government performance management innovation has been upholding the mission of "increase people's sense of satisfaction through first-rate performance" and the core values of "let the people evaluate and increase people's sense of satisfaction;" it has followed the principle of "citizens-oriented," regarding people's livelihood as the first priority, striving to improve government performance and build a government that makes the people satisfied. Ever since 2000, when the "voting for government departments" program was launched, Hangzhou has never stopped the innovation, deepening and improvement of government performance management. For example, in terms of institutional framework, the government in 2005 integrated the "voting for government departments" and the objective responsibility evaluation, added the component of "superiors evaluation" and formed a comprehensive evaluation system; in 2006, the "innovation and excellence" objective performance evaluation was added, forming a comprehensive evaluation model of "3 + 1;" in 2008, the district, county (city) comprehensive evaluation was launched, forming a comprehensive evaluation system characterized by the integration of departments and regions at different levels and the coverage of the whole city; in 2000, the national-level government performance management pilot and the innovation of the performance management index system were launched; in 2012, the performance management lawmaking process was initiated; in 2013, the Municipal Party Committee and municipal government issued the "Suggestions on Better Implementing Comprehensive Evaluation and Performance Management;" in 2015, the "Hangzhou Municipality Performance Management Regulation" was officially enacted and became effective in 2016. In terms of methods and means, social evaluation developed from the traditional survey methods such as visits and mail to online evaluation; evaluation and checks developed from paper based to paperless and to "white list" of certain indicators and departments. It is exactly through such a process of consistent exploration, innovation, and improvement that Hangzhou's government performance management has become more comprehensive, scientific, and fair while maintaining vigor and vitality.

2.4 Taking an Incremental Approach and Riding on the Momentum

As mentioned earlier, government performance management is an "imported concept." After its introduction to China, a "localization" process is needed; otherwise, it will not be able to survive in the Chinese context. Therefore, the general approach of the development of government performance management in China should be taking an incremental approach to make steady progress; but while making consistent efforts and laying a solid foundation, we must also take the initiative to seize opportunities and ride on the momentum.

a. The development of performance management must be rooted in reality

The development of government performance management, like everything else, will depend upon a favorable growing environment and conditions. Its implementation cannot go ahead of actual conditions. If we are divorced from reality and pursue unrealistic quick results, or hope to achieve the goals with one move, it is likely that our effort will be made in vain. The practice of government performance management of Hangzhou has adopted a step-by-step method and followed the basic laws of "from easy to difficult, from specific to general."

In terms of the evaluation system, the early-stage "voting for government departments" and the objective responsibility evaluation system ran in parallel and only started to gradually merge when it was discovered that the two were constraining each other. The fusion started from the mutual recognition of the evaluation outcomes: In 2005, the Hangzhou comprehensive evaluation system was officially put in place, which completely integrated the two above-mentioned evaluation systems and incorporated the balancing factor of superiors' evaluation, forming an evaluation index system that unifies the three components of "voting for government departments," objective responsibility system and superiors' evaluation; in 2006, the "innovation and excellence" objective performance evaluation was launched, forming the final framework of "3 + 1." Since then, Hangzhou's government performance management had constantly developed and improved within this framework. The formation of the framework took over a decade of exploration and practice and is by no means accomplished at one stroke.

The approach of incrementalism should not only be applied to institutional building such as the evaluation system, but also to the application of some evaluation methods. In 2007, expert performance evaluation was adopted to examining the innovation of objectives, which is the first time that the performance evaluation method had been used in the comprehensive evaluation of departments directly under the municipal government. After the innovation objective performance evaluation achieved visible effective results and were widely acknowledged, the evaluation method was gradually applied in other areas in the following years, including the "excellence creation" projects, the Municipal Government's "address real problems for the people" project, the key work targets of the Municipal Party Committee and municipal government, the departmental performance objectives, the municipal evaluation office's objectives

in rectifying problems raised by the people, special projects performance evaluation, etc. Although this approach takes some time, it is easier for all parties to accept. The gradual adoption of the performance evaluation method has led to qualitative changes in Hangzhou's government performance management through gradual changes, that is, the shift from the traditional task-oriented objective responsibility evaluation system to the function-oriented performance management.

The adoption of government performance management needs to be incremental because of the following reasons. First, the domestic application of performance management as a tool requires a process of exploration and experience accumulation. For example, the work system and procedures of government performance management, the establishment of the performance evaluation index system, the selection of the evaluators and evaluation targets, the formation of the evaluation content, the organization and implementation of performance evaluation, and the feedback, communication, and application of evaluation outcomes, all need exploration and improvement in practice. On the other hand, governments at different levels, civil citizens, and performance management institutions all need time to understand and accept performance management. Moreover, the wide implementation of performance management needs financial backing. For example, procedures such as third-party evaluation and social service would incur substantial costs if broadly implemented. This may be hard for relevant parties to adapt to and accept in the short time, and management cost may significantly increase as a consequence, which may in turn affect performance.

b. Seize opportunities and take advantage of momentum

To promote government performance management, efforts must be made to achieve steady progress and take the initiative to seize opportunities and write that could moment terms for leapfrog development. Therefore, it is important to consider the situation and the opportunities to achieve breakthroughs.

Not long after its establishment, the Hangzhou evaluation office put forward that the ideas and methods of performance need to be applied to comprehensive evaluation. But how to find the "starting point" of performance management was a challenge facing the evaluators. It was ultimately decided to start from performance evaluation of the innovation objectives, as it was optional to submit materials on innovative projects in comprehensive evaluation. As "innovative projects" was "optional move" for those under evaluation, it was possible to design a new "competition system" based on higher standards and incorporate the ideas and methods of performance into the evaluation index and procedures so as to guide relevant departments to actively adapt to new changes and requirements and eventually achieve new progress for performance management. Practice has proved that this "starting point" is a successful choice.

Performance management develops to a certain stage, and there will be a turning point at which small growth accumulates into quantum leap. The key to achieving "leapfrog development" is to identify the right places to start. In 2011, Hangzhou was listed as a national-level pilot city for government performance management, which not only represented the central government's acknowledgment of the long-

time practice of Hangzhou's comprehensive evaluation performance management but also brought a rare opportunity for the city to push forward to government performance management in all respects. The Hangzhou municipality seized the opportunity of the national-level government performance management pilot to make great changes to the evaluation index system and a cooperation mechanism for various government departments started to established. The municipal evaluation office was given an extra function as the "Hangzhou Performance Management Committee Office." Moreover, the Municipal Party Committee and municipal government issued 23 suggestions particularly on the improvement and strengthening of comprehensive evaluation and performance management, explicitly putting forward that Hangzhou's comprehensive evaluation must be performance management as a means to significantly accelerate the third "great-leap-forward" of the city's government performance management.

The "Hangzhou Performance Management Regulation" is a case in point of "riding the momentum to make progress". Through over 20 years' practice in performance management, the Hangzhou government has accumulated rich experiences and blazed a new trail with Hangzhou characteristics. However, relevant work had still been carried out based on government documents. In a new context featuring rule by law, governance system, and governance capacity modernization, it became the consensus of the provincial and Municipal Party Committees and provincial and municipal Standing Committees of the People's Congress that good practices accumulated over the years should be put into local laws and regulations in order to provide legal guarantee for the sound the development of performance management. To this end, government departments at different levels and competent authorities as well as academics and experts of Hangzhou worked tirelessly for three years and eventually formulated and enacted this milestone—local performance management, which enabled government performance management to have legal reference and clarified responsibilities of performance management institutions, achieving a "qualitative leap" in the city's institutional building for government performance management.

2.5 Change Simplicity to Complexity and Then Transform Complexity to Simplicity

Materialistic dialectics dictates that "simplicity" and "complexity" are unity of opposites. Changing simplicity to complexity and then transforming complexity to simplicity represent a "spiral escalation" achieved through "negation of negation." Government performance management would also go through such a process in its development.

a. "Necessary simplicity" is the endogenous requirement of government performance management

Standardized, professional, and refined management is the basic characteristic and endogenous requirement of government performance management. Refined management is the extension and development from standardized and professional management, the essence of which is breaking down and implementing strategies and objectives so that organizational strategies may be effectively put into place in every link the process. It is also an important channel through which the overall organizational enforcement power may be strengthened. To implement refined management, cities necessary to have detailed arrangements regarding task breakdown, work deployment, plan formulation, and monitoring; performance evaluation should be quantified, and those indicators that cannot be measured quantitatively must not be regarded as key performance indicators; performance management should be based on actual evidence and emphasize the collection of day-to-day daytime facts, which are compared against performance criteria to generate effective results. This is completely different from the old, simple management method based on experiences, "rough estimates" or qualitative evaluation. To implement government performance management is to overhaul the traditional extensive management characterized by rough and subjective evaluation and shift to the refined management approach. Efforts must be made to establish and improve performance management system and formulate detailed and quantifiable evaluation indicators and work objectives. Various performance management means and methods should be utilized to strengthen performance monitoring and conduct performance evaluation. On the surface, this may easily lead to the impression of "complexity". Specifically, it is bound to add workload and burden to performance responsible units. However, such "complexities" are necessary for us to begin to talk about performance management.

b. "Complexity to simplicity" is "spiral escalation" of government performance management

With the development of performance management and the commanding of its development patterns, government performance management will then go through a process of "transforming complexity to simplicity." But at this stage, the so-called simplicity represents a "spiral escalation" from small growth to quantum leap or from quantitative to qualitative change.

"Simplicity" here first means streamlining. As the effectiveness of comprehensive evaluation performance management has gradually been recognized, many government departments hope to be able to make use of this tool to incorporate some of their departmental responsibilities into comprehensive evaluation. Indeed, such a demand is reasonable and many times necessary for individual departments. But from the overall perspective, it may lead to a massive and fragmented comprehensive evaluation system with no emphasis and bogged down by huge amount of overlaps, and consequently burden the evaluated units and damage the integrity and coordinate stiffness of performance management. This is why streamlining is so important. In 2013, the Hangzhou evaluation office significantly streamlined items included in the comprehensive evaluation, cutting almost one-third of the items and reviewed and revised the rest. The system of "evaluation licenses" was implemented to reduce burdens and improve efficiency, which yielded visible results.

Secondly, "simplicity" also means conciseness, openness, clarity, and transparency. The rules of performance management must be formulated and made public in advance. Specific regulations and methods must be made as clear and explicit as possible, and ambiguity or making simple matters complicated must be avoided so that the evaluated units and individuals will not have to do extra and futile work.

Lastly, "simplicity" means convenience and being practical. Although government performance management must follow the principles of standardization and refinement, it must not be encumbered by red tape. In contrast, the idea of performance is closely linked to the principle of making management more scientific, convenient, practical, and effective, which is a higher requirement for the performance management institution itself. In recent years, Hangzhou has, when practicing performance management, entered a new phase for performance management to transform "from complexity to simplicity" by consistently optimizing workflow, streamlining documents and records, opening evaluation "green channels," etc. For example, the digitalization of performance management was implemented to streamline government documents and records. The task completion progresses at year-end are all submitted paperlessly through the "Digital Evaluation" System; in task management, the approach of "completion and submission at the same time" significantly reduced the workload for both the evaluated and evaluators at the end of the year. In the evaluation of departments directly under the municipal government in 2015, the experiment of "exempted tasks" was carried out. A pre-review of materials submitted by departments directly under the government on monthly progress and relevant evidence was conducted, and for those tasks backed by clear evidence and with visible results were exempted from the year-end evaluation. In 2016, the scope of "exempted tasks" was widened, and the experiment of "exempted units" was launched, that is, units and departments with good track record and relatively established performance management systems were exempted from the year-end evaluation.

2.6 Comprehensive Evaluation and Single-Item Evaluation

Government performance management would naturally involve large numbers of evaluation items. From the Hangzhou experience, in order to properly manage the relationship between comprehensive and single-item evaluation, an integrated approach must be adopted. That is to say, it is necessary to integrate different kinds of evaluation resources, but efforts should also be made to avoid "taking on all things." Single-item evaluations for some individual indicators outside of the scope of comprehensive evaluation need to be allowed to exist on the condition of proper management.

a. Performance management must effectively integrate evaluation resources

To implement government performance management, a relatively complete, scientific, and comprehensive performance evaluation system must be established to conduct complete and accurate evaluations of the performance of different government

departments. The evaluation outcomes must be comparable to each other and have authority and credibility.

Ever since comprehensive evaluation was launched in Hangzhou in 2005, it has been the major means to conduct government performance management. The advantage of comprehensive evaluation is obvious. It integrates the previous three appraisal systems that run in parallel (objective appraisal, voting for best departments, efficiency building), abolished, merged, and included a batch of single appraisal items, which reduced repetitive work and eased the burdens on local governments and departments; it established and overarching appraisal institution that gathered human resources and materials, which optimized resource allocation and increased the level of professionalism of the performance management institutions and staff members; comprehensive evaluation itself is a performance evaluation model that is all-around and multi-dimensional, with pluralistic participants and systematic and complete index system. The appraisal results are comprehensive and represent an overall evaluation of the performance and social impact of the work of a local government or department. They have high authority and credibility and play a significant role in motivating local governments and departments. Therefore, to push forward government performance management, the integration of appraisal resources is a necessary precondition.

b. Single-item appraisal is unnecessary complement to comprehensive appraisal

There are two reasons why government performance management represents a challenge. First, the causal relationship between government output and input is complicated. Government output is mostly in the form of invisible services and how to be quantified. Therefore, accurately evaluate government performance is very difficult. Second, government functions cover a wide range of areas. As there may be huge differences among different departments, it is extremely challenging to measure and compare performance evaluation results. Different government departments have very different responsibilities, and the same department may have many functions. It is impossible for comprehensive appraisal to be all-inclusive and incorporate the functions and tasks of different departments and those within one department into comprehensive appraisal. Instead, what is needed is to stress the big picture of local development, highlight key tasks and be selective. For those items and tasks that need to be appraised but are inappropriate to be included in comprehensive appraisal, a realistic institutional arrangement is to adopt single-item appraisal.

Allowing single-item appraisal while implementing comprehensive appraisal may address problems that comprehensive appraisal alone cannot solve: First, if too many items and tasks are included in comprehensive appraisal, conflicts and frictions would be too concentrated, which may hinder the development of government performance management. If government performance management includes all single-item appraisals into comprehensive appraisal system, it would put all kinds of conflicts and frictions into comprehensive appraisal; the resources allocated to comprehensive appraisal also do not allow it to shoulder such heavy responsibilities. Second, an all-inclusive appraisal system would involve too many areas and lose the emphasis and direction of evaluation. In this case, the role of comprehensive

appraisal may not be given full play, and its advantages of integrity and overall perspective may be weakened. Third, single-item appraisal may make up for the problem of knowledge and information asymmetry in comprehensive appraisal. As modern government is handling things in a more professional manner, it will be difficult to accurately appraise the performances of different government tasks solely based on comprehensive appraisal.

Hangzhou has kept part of the single-item appraisal system when implementing comprehensive appraisal, but strengthened its coordination and regulation with the establishment of a series of strict management arrangements, including controlling the total number of such single items, licensing, submission and registration, requiring a permit to conduct appraisal, performance evaluation, and exit regulations. For special appraisal objectives included in comprehensive appraisal and single items that are not, year-end examination and evaluation are conducted, and self-organized appraisal is not allowed. It is worth mentioning that a guest in the background that the means of government management are decreasing, appraisal has increasingly become an important resource for which all government departments contend. Therefore, coordinated management and district control should be practiced when it comes to the allocation of the resources of appraisal. Efforts must be made to avoid the fragmentation and departmentalization of appraisal resources and prevent the abuse of the appraising right in order to make sure the appraisal work develops well.

2.7 Positive and Negative Incentives

Incentives are an indispensable component in management that provides necessary motivation for sustainable development of an organization. Incentive theory in behavioral science stresses that performance $= f$ (ability incentives). Effective incentives can be extremely useful for improving work performance. As two complimentary types of incentives, positive and negative incentives intensify human behaviors from different perspectives. In reality, equal attention should be paid to both positive and negative incentives. It is incorrect and biased to put excessive emphasis at one of them at the expense of the other. Effective utilization of the performance evaluation results may incentivize organizations and individuals to actively improve performance and therefore is one of the keys for the success in government performance management. The achievement in government performance management in Hangzhou especially based on the presence of relatively scientific incentive mechanism and giving full play to the positive and negative incentives of comprehensive evaluation.

a. The emphasis of the incentive mechanism should change according to different circumstances

In government performance management, the purpose of having negative incentives, including criticism, fines, demotion, and elimination, is to give the organization "a sense of crisis" that drives government organizations and civil servants to maintain high ethical and behavioral standards. On the other hand, positive incentives, mainly

in the forms of formal commendation, public praise, rewards, and promotion, are aimed at incentivizing government organizations and civil servants to pursue higher goals for rewards.

In the years around 2000, the work style of the Hangzhou government was characterized by weak sense of service and bureaucratic work style. The problem of passive attitudes toward the public which are characterized by inaccessibility, unfriendliness and rudeness, compromises the soft environment and the competitiveness of the development of the city. Therefore, it was necessary to take serious actions to change the government work style and improve its efficiency. In the following years, the Hangzhou government performance management adopted "negative incentives" and "bottom-out system." Among the departments and units that participated in the evaluation, those that were appraised as "not satisfactory" would be publicly criticized by the Municipal Party Committee and municipal government and would be listed as "units to be rectified" and correspondingly be fined; the units and departments that were evaluated as "not satisfactory" for two consecutive years would face a leadership adjustment according to relevant regulations. Such kind of punishment serves as fairly strong negative incentives. Particularly, for those departments and units that were evaluated as "least satisfactory" and "not satisfactory" for two consecutive years, the members of leadership would directly face risks in terms of reputation, status, income and treatment, which is decided by the particular historical development phase that China is experiencing. Such "severe punishment" forced relevant departments and units to make real efforts to identify problems, find solutions, improve work style, and make the public more satisfied.

As the "voting for the best departments" campaign adopted negative incentives characterized by severe punishment, the government work style was improved significantly in a short period of time. In the following "voting for the best departments" campaigns, the public focus of attention gradually shifted from government work style to government performance. Citizens expected that the government's decision-making mechanism could be more scientific and democratic, that the government departments could be more efficient, and that people's livelihoods and social welfare could get more attention from the government. At the same time, problems with the "voting for the best departments" campaign also started to gradually emerge. There are various reasons for a certain government unit to be voted as "not satisfactory," including problems in work style, institutional organization as well as social environment. For example, problems with commodity prices, traffic jams, and environment cannot be addressed by one or two government units in the short time, not to mention that they are not completely caused by government work style problems. Although evaluation adjustments can be made for affected government units (for example, through the setting of different weights and coefficients), negative impacts on such units may stay to some extent due to the "inertia" of social evaluation. Obviously, it is unfair and unreasonable to apply negative incentives on relevant government units in an excessive and long-term manner.

Due to the above-mentioned factors, the focus of government performance management of Hangzhou started to shift, and the incentive mechanism also changed accordingly. Leadership shakeout would only happen when a particular government

unit has been evaluated as "not satisfactory" for three consecutive years instead of two. The value of in-kind award has also been significantly increased. In recent years, the municipal government is also added some single incentive measures in comprehensive evaluation such as "Greatest Progress Award," "Best Rectification Award," "Government Innovation Award," "Key Project Single Award," etc. Positive incentive measures significantly increased compared with negative measures. This shift reflected changes major problems facing a locality in different development stages and was also partially due to different strategies adopted by different leaders.

To conclude, negative incentives characterized by severe punishments should only be regarded as "unusual measures during unusual times." Once the thorny issues have been addressed, rational institutional arrangements and scientific methods would become the necessary choice. Positive incentives are conducive to triggering civil servants at different levels of governments to shoulder more responsibilities and be more innovative and injecting vigor and motivation to the organization and therefore are the natural choice in this scenario.

b. Give full play to performance evaluation as both positive and negative incentives

The government performance management system metes out rewards as well as punishments according to the evaluation results. Therefore, the system represents a sound incentive mechanism for government units.

Incentives essentially consist of positive and negative incentives, representing a combination of rewards and punishments. In management, an incentive mechanism that only includes awards and no punishments may lead to lack of pressure and therefore slackness. On the other hand, excessive use of negative incentives may also lead to inaction. To achieve long-term and sustainable development, proper degree of pressure is needed, but positive incentives should also be well used within the scope delimited by rules and regulations. The reason why government performance management may play a bigger role in boosting government performance is because it serves as both positive and negative incentives. We are now facing new situations in which Party discipline is further strengthened and different forms of accountability mechanisms are being established. In such circumstances, it is important for us to give full play to performance evaluation as both positive and negative incentives in order to motivate governments and civil servants at different levels, particularly carders as the grassroots level, to have more initiative and be more innovative. Efforts should be made to encourage them to shoulder more responsibilities, effectively complete various government tasks and improve government performance.

On October 10, 2016, the State Council officially promulgated the "Implementing Opinions of the State Council on Motivating Major Social Groups to Boost the Income of Rule and Urban Residents," explicitly instructing governments at all levels to "improve performance evaluation system and linking incentives with evaluation" and "improve differentiated incentives mechanism, establish, and improve civil servants." Evaluation results of Performance evaluation system link with income. The "Implementing Opinions" further instructed to "improve the civil servants" bonus mechanism, strengthen provincial governments' responsibility in coordinating and adjusting in this area. "Endow local governments a certain degree of rights to dis-

tribute rewards according to the evaluation results. Greater weight should be given to personnel at the grassroots level and those who have achieved outstanding performance." This document has provided important reference and direction for using performance evaluation as an incentive mechanism as well as greater room for the application of performance evaluation results and should be carefully studied by performance management bodies.

3 Vision of Government Performance Management

3.1 Facilitate Government Management Modernization with Performance Management

Government management modernization is an important component of the modernization of state governance, and government performance management is an indispensable part of government management. The development of government performance management has great significance to accelerating the modernization of government management.

To make sure that government performance management can effectively facilitate the modernization of government management, efforts must be made to strengthen the sense of "user-friendliness" in public service, or the principle of "being client-oriented" in government performance management, which is that optimizing government management by regarding public needs as the guiding post. We must make efforts to identify problems, take the initiative to collect information regarding problems, find the origins of the problems, and stay ahead of problems that may constrain development. We must attach great importance to social evaluation, which should be taken as breakthrough points to improving government management capabilities. We should also actively make amends and rectifications according to public feedback and suggestions on the work of the government. Regarding problems that are commonly raised and difficult to solve, we must be bold to cope with the challenges with reform and innovation in order to enable government management to adapt to the "new normal" of social economic development.

Efforts should also be made to actively explore new models of government management under new circumstances and orderly expand political participation by members of the public. We must strengthen the sense that "public management must be participated by the society," mobilizing social forces to jointly address public affairs in collaboration with the government and establish the model in which government management is participated by plural actors; we must regard improving people's livelihood as our point of departure, coordinate the interests of different social strata and groups, establish and improve coordination mechanisms for dialog, communication, discussion, and consultation, make sure that members of the public enjoy full rights to know, to participate, to express, and to monitor so that consensus may be achieved through public, equal footed and rational consultations. We must uphold

the principle of innovation and improve government management, and encourage the guide members of the public to participate in local government public policy making and consultations in an institutionalized manner. Only in this way can we improve the ways in which the government administrate, make decisions, and cover the society, establishing a platform through which the public may give suggestions and express demands to the government, while also being able to evaluate government performance.

We should give full play to the role of government performance management in guiding the work of the government, providing incentives, and serving as a consultation platform, making it an important driving force for the modernization of government management. We must use well the tool of government performance management, work hard to reach the goal of modernizing government management system and capabilities and constantly improve the ability and the level of government management.

3.2 Boost the Establishment of a National-Level Government Performance Management System

The 18th Party Congress explicitly proposed to "promote government performance management." To implement this requirement of the central government, we must first push forward the establishment of a national-level government performance management system.

First, accelerate the top-level institutional design. The top-level institutional establishment must be based on the principles of upholding the guiding concepts, coordination, and consultation as well as encouraging innovation. Efforts must be made to establish and improve performance management mechanism that can guarantee the implementation of the strategic deployment of "Five Concepts for Development" and "Four Comprehensives," improve the social economic development evaluation system, establish mechanisms for the examination, evaluation and incentives of carders that reflect the scientific outlook on development and correct attitudes toward political performance.

Second, improve and complete the institutional setup. At present, most of the localities in China have yet to establish specific performance management bodies. In most cases, performance management is assigned to a certain government unit as a second-order function. Therefore, relevant work in government performance management is usually inconsistent, unsustainable, not institutionalized and unprofessional. The setup of a specific performance management body should be included in the overall planning of government institutional reform so that government performance management functions that are spread among different units may be integrated and centralized into one independent management body. At the level of the central government, a performance management institution may be established to make overarching plans and guide the work of government performance manage-

ment across the nation; at the local level, consideration should be given to different situations of different localities. For those localities with sufficient conditions, independent government performance management bodies may be established; for those that have difficulties in setting up independent bodies, a compromised arrangement may be made with specifically trained personnel being assigned the task of government performance management. These personnel must have at least a macro-level understanding of performance management and be professionally qualified.

Third, promote the administration reform from the perspective of performance management. In 2008, the Party Central issued the "Opinions on Further Reforming the Government Administration System." The 18th Party Congress put forward new requirements for the government administration system reform, which is a core issue in China's government reform. In deepening administration system reform, special emphasis should be given to the institutional design of government performance management and the application of the concepts and management methods of performance in administration system reform should be strengthened. Efforts must be made to incorporate the theories and practice of government performance management in the administration system reform. In the meantime, government performance management can be utilized as an important starting point to promote the reform of administration system and the modernization of governance capabilities. We must give full play to the role of performance management, improve government management performance, reduce administrative costs, optimize public service, and achieve the complementarity and positive interaction between government performance management and administration system reform.

3.3 Accelerate Legislation Regarding Government Performance Management

Legislation is an important symbol of the institutionalization of government performance management as well as a guarantee for the further development of government performance management. At present, there is no national-level legislation on government performance management. At the local level, Harbin and Hangzhou are the only two cities that have formulated local regulations on government performance management. The absence of legislature in the area of government performance management has become a limiting factor for the comprehensive, in-depth, consistent, and effective development of government performance management.

It is necessary that at this stage of China's development to accelerate lawmaking in the area of government performance management. The goal of building a country and the government ruled by law requires that important government policies and activities must be guaranteed by law and legislation is the basis of the legitimacy and guarantee of government activities. Therefore, it is imperative to continue to advance national-level legislation on government performance management. This is important for the implementation of the policy of establishing the rule of law and a law-based

government and is also important for achieving law-based institutionalization of government performance management. When actively pushing forward national-level legislation on government performance management, local governments should also take the initiative to explore and formulate local rules and regulations on government performance management on the basis of the actual needs and practical experiences of local government performance management, so as to provide legal basis for the development of local government performance management and references for the national-level legislation.

The "Hangzhou performance management regulation" is the first local regulation on government performance management that is based on practical experience. It represents several legislative innovations that may serve as reference for the rest of the country:

First, it has offered a definition for performance management. Article 2 of the Regulation defines "performance management as the entire process management team house performance, including defining performance objectives according to the development objectives of the administrative region and the duties of performance responsible units, implementing daily monitoring, and conducting comprehensive assessment of the actual effects of the completion of these objectives." This Article provides a definition of "performance management" according to years of practice in Hangzhou and explanations on the basis, procedures, methods and objectives of performance management in legal terms.

Second, established the legal status of performance management bodies. Article 5 and Article 6 of the Regulation stipulates that the performance management committee is responsible to lead the work of performance management in the administrative area; specific tasks are the responsibilities of performance management institutions; government units that are responsible for institutional organization, development and reform, supervision, human resources and social security, auditing, statistics and legislation must fulfill their own duties and conduct performance management according to law. These articles have provided powerful legal basis for performance management bodies and relevant departments to conduct performance management and made sure that the responsibilities of performance management bodies are enshrined by law.

Third, clarified the application scope of performance management. According to Article 2 and Article 39 of the Regulation, performance management not only covers municipal government units, district and county governments and their units and township substricts but also bodies and organizations regulated by the Civil Servant Law, organizations prescribed by law to have public affairs management responsibilities as well as enterprises that are in the process of fulfilling responsibilities to provide public service. In essence, this is to include Party-masses departments and state-owned enterprises that public service functions based on the national conditions of China.

Fourth, established the system of performance planning and performance reporting. The establishment of performance planning system may enable performance responsibility units to stay on the right track toward completing tasks and maintaining policy consistency and may also facilitate government departments to put

emphasis on both current work and long-term development, as well as assigned tasks and self-development. Article 10 of the Regulation stipulates that "the performance responsible units shall prepare performance management plans according to the economic development plan of the regions (industries) and the duties of the units." The performance management plan covers five years, and it shall be reported to the performance management agency for approval; Article 11 has provided principles as to the content of performance plans. Article 23 of the Regulation is on the establishment of the performance reporting system, stipulating that "the performance responsible units shall prepare an annual performance self-evaluation report against the annual performance objectives and reported to the performance management bodies in accordance with regulations," which is aimed at strengthening the awareness of performance among government units so that they may truly conduct work with performance management in mind and use performance criteria to measure work quality.

Fifth, guaranteed by law public participation in government management. It is the development trend of government performance management to have multiple actors participating in government management. Article 16 of the Regulation clarified the status and rights of multiple actors in performance management, particularly, during the formulation of performance management plans and the setting, adjustments monitoring of annual performance goals, the public should be given full rights to know, to give suggestions, and to evaluate; Article 26 stipulated that in the whole process of performance management, emphasis must be given to receive and apply public opinions as public satisfaction is an important criterion to evaluate performance management.

Sixth, regulated the mechanisms of performance communication and performance improvement. The Regulation has highlighted the concepts of performance communication and performance improvement, emphasizing the interactions between performance management responsible units and performance management bodies, formulating performance analysis mechanisms, clarifying the content, formats and requirements of performance improvement, and regarding performance improvement as the goal of departure of performance management. Article 20 stipulated: "The performance management bodies shall promptly notify the performance responsible units of their problems found in the daily management. The performance responsible units shall make a statement of the situation within ten working days from the date of receipt of the notice and make suggestions on possible solutions, and give feedback on the results;" Article 31 stipulated: "Performance responsible units shall analyze the problems reflected in the performance evaluation and the opinions of the social evaluation and formulate and implement that rectification measures."

Seventh, institutionalized special performance management. Article 21 of the Regulation stipulated: "Performance management bodies shall implement special performance management in conjunction with performance management-related departments of matters of major economic and social impacts on the region, affecting public interests that people's livelihood, or requiring large financial investment." Conducting special performance management is an important measure that makes performance management more comprehensive and scientific and also increases rule

for further improvement of Hangzhou's existing comprehensive evaluation and performance management system.

Eighth, laid the foundation for further exploration of third-party evaluation. Third-party evaluation is conducted by experts and relatively is more independent and objective. The development of third-party evaluation can make performance evaluation more standardized and scientific. Article 24 of the Regulation has made explorations in this direction, stipulating that "performance management bodies made in trust third-party agencies such as special agencies for performance evaluation, universities, research institutes, or social intermediaries to conduct specialized evaluation of some performance objectives." This article has provided legal basis for encouraging and guiding third-party evaluation bodies to participate in performance evaluation and promoting the development of third-party evaluation regulations.

Ninth, explicitly stipulated on the comprehensive application of performance evaluation results. Article 32 of the Regulation clarified that "the results of performance evaluation serve as an important basis for policy adjustment, budgets management, public sector reform, rewards and punishment, and promotion, demotion and appointment and removal of officials." This article does not only confirm the role of performance management in terms of guiding and constraining but also broaden the application of performance management in resource allocation and personnel management.

Tenth, established performance accountability system. According to Article 35, Article 36, and Article 37 of the Regulation, government units and staff covered by performance management and performance management bodies and staff must shoulder due responsibilities for mistakes they make during work; strict rules have been laid out for performance management regarding the types of responsibilities and actors who should be taken into account.

Eleventh, established performance management monitoring system over authorities. Article 7 of the Regulation stipulated that "the Standing Committees of people's congresses of the city, and the subordinate districts, and counties (cities) shall hear the reports on the performance management work of the previous year by their respective governments in the first half of each year." This article has elevated "government performance management to a new height and further strengthened the People's Congress" monitoring over government performance management.

3.4 Increase the Application of Modern Information Technologies in Government Performance Management

Amid the global trends of economic integration and the rapid development of information technology, the level of information technology development of a nation decides where the nation stands on the world economic and political stage. It has become a common concern for governments across the world as to how to apply information technology in government, improve the efficiency and quality of government

performance management, and cope with the challenges presented by economic globalization and the development of information and cyber technologies. The increased application of modern information technologies in government performance management and the shift from digital to intelligent government performance management is a development trend that we cannot afford to ignore.

On the one hand, emphasis should be given to the application of mass communication in government performance management. Mass communication may communicate large amount of information rapidly with the low cost. These advantages have made mass communication one of the best channels to communicate different kinds of information. Regarding performance management, mass communication may be taken advantage to raise public awareness on government performance management, conduct monitoring, and provide feedbacks. In order to increase the application of mass communication in government performance management, we may start from the following five areas: First, when conducting government performance management, local governments need to pay close attention to media coverage, stay on top of social events and development trends so as to provide decision-making references, early warning and background information that enable prompt government response. Second, government performance management bodies must fully realize the role of the media as providing indicators of public opinion and take the initiative to strengthen communication with the media. Government performance management bodies should regularly release performance management information to mess media and the public, express government positions on performance management, publicize relevant regulations and policy decisions, increase the transparency of the work of government management, raise public awareness about and participation in performance management and ensure that public opinion is favorable to conduct in the work of government performance management. Third, performance management bodies must improve its ability to cooperate with the media to utilize its power to improve the work of the government. When performance management bodies are making important administrative decisions, adopt major policy measures and handling important problems, efforts must be made to effectively guide and organize the participation of the media, promptly providing information on major issues that are the focus of public attention to the media and ensure the public's right to know through the media. The media also plays a pivotal role in guiding public sentiments, uniting social forces, and monitoring the work of the government. Fourth, local government performance management bodies shall carefully study and develop the functions of the new media, stay on top of new media information communication, and achieve positive interaction and effective communication among performance management bodies, mass media, and the public. Fifth, when advancing the work of government performance management, the irreplaceable role of mass media must be given full play. Mass media has a special role to play in effectively facilitating performance information collection and in the feedback on public service outcomes, helping to establish an all-rounded platform on performance diagnosis and performance communication, enabling the participation of multiple actors in performance evaluation, strengthening public awareness about performance, and promoting the ideas and concepts of performance management.

On the other hand, in the era of information, efforts must be made to make use of the data to innovate the government performance management system. Big data is a means of technology, but for the public sector, big data does not only provides technical support but may also strengthen the public sector's sense of service through management innovation and ultimately realize the transition of public functions Xiaoping.[1] The inclusiveness of big data will break the boundaries between different government departments and those between government and the public, significantly reducing information islands and making data sharing possible. At the same time, as big data provides a bigger information platform and more comprehensive information, data sharing among different government departments will become more convenient, effectively improving efficiency and government management capabilities. Therefore, we must first acknowledge the importance of big data, learn to use big data to serve the work of government performance management, and constantly improved the institutional building of government performance management on the basis of big data; secondly, efforts should be made to build big data platforms, integrate big data resources generated in the process of government performance management, facilitate the collection, analysis the organization of performance information so as to provide support for government decision making; third, the data may also be used to verify the results of government performance management to increase the public credibility of performance management. The broad application of big data may make use of a variety of means such as data fusion and mathematical models to apply the data-driven management model that speaks with data and facts and in turn makes government performance management results more credible.

Hangzhou will make are reserved efforts to advance the building of "smart evaluation" according to the principles of "overall planning, step-by-step implementation, safety and reliability, inclusiveness and sharing." We will formulate the implementation plans of "smart evaluation," establish "smart evaluation" data centers and platforms for basic support, public participation, objectives management, smart analysis and unified Internet application, actively promote interdepartmental information sharing and comprehensive and all dimensional big data application, make sure that performance objectives are specified, daily management is tracked real time, evaluation of objectives are conducted based on models, social evaluation is given by multiple factors, and performance analysis is conducted intelligently. The Internet (Web of Things) and big data technologies will be used to integrate data resources of different levels of governments at different departments in order to facilitate the re-engineering of government management and service and constant improvement of government abilities in serving the society and the people.

[1]Gao Xiaoping, *Cong Chuantong Zhili dao Dashuju Zhili—Yuedu "Da Shuju Shidai de Guojia Zhili"* (From Traditional Governance to Big Data Governance—Reading "State Governance in the Big Data Era"), Guangzhou Gonggong Guanli Pinglun, Vol. 3, 10.

3.5 Lay Emphasis on the Development of the Performance Culture

The performance culture values the evaluation of government operational efficiency and governance level and represents the development trend of the administration culture in the new era. It serves as a stabilizer of or a reforming force for government performance management, regulating, guiding and adjusting the role of government performance management. The performance culture is the source of the spirit, motivation, and development of government performance management, guaranteeing the system's improvement and development in the process of government management reform. Developing the performance culture may better enable government performance management to play its due role, internalize the fatality of government performance management and motivate members of the public sector to take the initiative to get through the "last mile" of performance management implementation. First, broadly raise public awareness about performance. The development of culture performance requires the participation of all members of the government and the society. Efforts must be made to conduct all-rounded public campaign targeting members of the society and actors who participate in government. Firstly and foremost, the targeted groups of the public campaign promoting the performance culture should be inclusive, covering both civil citizens and also members of the public. Secondly, after the content of the public campaign, attention must be paid so that it is tailor-made for different groups. The development of the performance culture will push forward government management reform and the whole and achieve a commonly acknowledged value in the whole society. The public campaign to promote the culture performance must center around the basic concepts of performance management, go deeply into the minds of members of the public and the government to lay only the foundation for the advancement of performance management. Lastly, regarding institutional development to raise public awareness about performance management, efforts must be made to coordinate between the performance culture and performance management mechanisms. The promotion of the performance culture has to be built on mechanisms, while performance management institutional building needs to fully reflect and promote the performance culture.

Second, cultivate a performance culture that values efficiency and practicality. Culture determines the form of expression. The performance culture has direct bearing on the design and operation of the performance management system, and provides a moral constraint and code of conduct for performance management. The cultivation of a scientific performance culture should center around the process of government performance management and gradually form values and government behavior characteristics that fit the particular localities. The performance culture that is practical and efficient should be reflected in the entire process of government performance management, including performance planning, performance monitoring, performance evaluation, performance improvement, and performance feedback. For example, performance plans are essentially a kind of contract, and therefore, the formulation of performance plans should reflect the spirits of contract, encourage

governments at different levels to actively participate in the preparation of performance plans and objectives, create favorable conditions for such participation that may lead to common goals, and motivate government departments at different levels to work toward such goals. During monitoring, attention should be paid to details and strictly following relevant rules. Facts and data must be carefully recorded and differences between performance plans and implementation should be identified in order to promptly pinpoint problems. During performance evaluation, performance communication is a very important means that may enable government departments at different levels to timely and effectively identify factors that affect performance and in turn adopt proper measures to improve performance. Such communication must not be mere pro-forma, less should it bring excessive pressure for government departments at different levels. Therefore, efforts must be made to seek a new type of cooperative relationship that is positive and open between the evaluators and the evaluatees so that government performance management bodies can better fulfill their roles as organizer cover facilitator, observer and coordinator and government departments at different levels may more actively participate in the entire process of government performance management, enabling performance culture to guide government performance management.

Third, push forward innovation in performance culture in the new era. Cultural innovation may boost social innovation. Performance culture originates from the practice of performance management and therefore may guide the development of performance management practice. The administrative culture should reflect the value system and behavioral pattern in the new era and in turn provide strong impetus for the development of government management as well as the cultivation of performance culture. Cultivating performance culture and boosting innovation in performance culture need to avoid the tendency of regarding performance as the sole objective, selecting the good performers, and eliminating the bad. However, in reality, it is hard to determining whether the performance at one single point in time can accurately reflect the results of the efforts made by one government or one department. Actual results usually would like behind government work, therefore, the evaluation of government performance needs to be conducted from a long-term perspective. Besides, performance management must attach great importance to the human factor. If excessive emphasis is put on performance at the cost of the mentality of performance participants, the organizational development vision may not be achieved. When promoting performance culture and relevant innovation, it must be clarified that performance evaluation is only a tool. The ability to use it well determines the success of government performance management.

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Appendix

Hangzhou Performance Management Regulation

Announcement of the Standing Committee of the 12th People's Congress of Hangzhou

No. 57

Hangzhou performance management regulation was reviewed and passed at the 30th meeting of the Standing Committee of the 12th People's Congress of Hangzhou on August 27, 2015, after being approved by the committee on September 25, 2015. The regulation is hereby disclosed to the public and will take effect on January 1, 2016.

Standing Committee of Hangzhou city People's Congress
Oct 14, 2015

Standing Committee of Zhejiang Provincial People's Congress
Decision on Approving *Hangzhou Performance Management Regulation*

(Adopted at the 23rd meeting of the Standing Committee of the 12th People's Congress of Zhejiang Province on September 25, 2015)

According to Item 2 of Article 72 of the law on legislation, the 23rd meeting of the Standing Committee of the 12th People's Congress of Zhejiang Province decides to approve *Hangzhou performance management regulation* adopted and reviewed at the 30th meeting of the Standing Committee of the 12th People's Congress of Hangzhou after reviewing it. The regulation will be promulgated and implemented by the Standing Committee of the Hangzhou city people's congress.

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Hangzhou Performance Management Regulation

(Adopted at the 30th meeting of the Standing Committee of the 12th People's Congress of Hangzhou on August 27, 2015

Approved at the 23rd meeting of the Standing Committee of the 12th People's Congress of Zhejiang Province on September 25, 2015)

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Chapter I General Provisions

Article 1 In line with the relevant laws and regulations, and the actual conditions of the city, the regulation is formulated in order to improve public administration, enhance the level of public services, and promote modernization of governance.

Article 2 The regulation applies to the performance management of the various departments of the city government and subordinate governments at district, county (city), township, and community levels and their departments in performing their duties.

The performance management of the organizations with public affairs management functions is authorized by laws and regulations, the organizations engaged in public affairs management activities and is entrusted by state administrative agencies and the enterprises is subject to the Regulation.

The term "performance management" as used in the regulation means the entire process management to enhance performance, including defining performance objectives according to the development objectives of the administrative region and the duties of performance responsible units, implementing daily monitoring and conducting comprehensive assessment of the actual effects of the completion of these objectives.

The performance responsible units as said in the regulation mean those units implementing performance management in accordance with the provisions of the regulation.

Article 3 Performance management shall follow the principles of staying scientific and rule-based, openness and fairness, public participation, coordinated advancement, focusing on performance, rewarding the excellent and punishing the inferior, continuous improvement, and enhancing performance and efficiency.

Article 4 The city, district, county (city) performance management committees shall exercise uniform leadership over the performance management work within their administrative regions and perform the following duties:

(1) Plan and coordinate the performance management work.
(2) Approve the overall performance management plan, performance evaluation system, and annual performance evaluation work plan of this level.
(3) Approve the results of performance evaluation.
(4) Review and decide other important matters related to performance management.

Article 5 The performance management agencies of the subordinate districts and counties (cities) shall be specifically responsible for performance management-related work within their respective administrative regions and perform the following duties:

(1) Formulate the overall plan for performance management, performance evaluation system, and annual performance evaluation work plan of their level, and organize implementation of the approved plans.
(2) Approve the performance management plan of the performance responsible units, review and adjust the annual performance objectives of the performance responsible units, and regulate and coordinate various assessment items according to law.
(3) Take charge of the daily work of performance management, and guide, manage, and supervise the performance management work of performance responsible units.
(4) Coordinate relevant departments to jointly advance performance management work.
(5) Formulate a model for performance management plan, annual performance objectives, and performance self-assessment reports.
(6) Other specific work related to performance management.

The subordinate district/county (city) performance management agencies accept the guidance of the city performance management agency.

Article 6 The departments of public sector reform, development and reform, supervision, finance, human resources and social security, auditing, statistics, and legislation (hereinafter collectively referred to as performance management-related departments) shall carry forward performance management work according to their respective duties.

Article 7 The Standing Committees of people's congresses of the city, and the subordinate districts and counties (cities) shall hear the reports on the performance management work of the previous year by their respective governments in the first half of each year.

Article 8 The funds necessary for the performance management agencies performing their duties shall be included in the financial budget of their respective levels.

Article 9 Performance management agencies shall integrate relevant information resources, establish a performance management information system, and realize dynamic tracking, full-process management, and shared utilization of performance information.

Chapter II Performance Management Planning and Annual Performance Objectives

Article 10 The performance responsible units shall prepare performance management plans according to the economic development plan of their regions (industries) and the duties of the units. The performance management plan covers five years and shall be reported to the performance management agency for approval.

The approved performance management plan is the basis for the performance responsible units to formulate the annual performance objectives and the performance management agencies to implement supervision and management.

Article 11 The performance management plan shall include the following main contents:

(1) An overview of the main duties and tasks of the unit;
(2) The overall objectives and main indicators for fulfilling the main duties and completing the tasks;
(3) Analysis of key factors affecting objectives and tasks;
(4) Methods and measures for accomplishing the objectives and tasks;
(5) Other major issues related to performance management.

Article 12 The performance responsible units shall formulate annual performance objectives based on the performance management plan and the annual key work plan.

The annual performance objectives should include the following:

(1) Formulation basis and external factor analysis;
(2) Assessment or evaluation criteria for specific objectives;
(3) Measures and progresses;
(4) Required funds;
(5) Other related matters.

Article 13 If major matters of economic and social development or highly specialized matters are involved in the performance management plan and annual performance objectives formulated and defined by a performance responsible unit, then the necessity and feasibility study shall be organized in advance.

Article 14 The performance responsible units shall report the annual performance objectives to the performance management agencies for review according to the regulations.

If the performance management agencies believe that the annual performance objectives do not conform to the economic and social development plan of the

administrative region or the duties of the performance responsible units, then it shall give feedback to and have consultation with the performance responsible units, and the performance responsible units shall make revisions.

After the annual performance objectives are reviewed and identified, they shall be disclosed to the public by the performance management agencies.

Article 15 If it is necessary to adjust the annual performance objectives due to major policy adjustments, institutional adjustments, or force majeure within the administrative region, the relevant units shall report the adjustments to the performance management agencies for review within the prescribed time limit.

If the adjustment involves the key work objectives reviewed and defined at the plenary sessions or the executive meetings of the government, then it shall be reported to the city, district, or county (city) government for approval.

If there are new key tasks to be incorporated into the performance management, then the performance management agencies may adjust the annual performance objectives of the relevant units.

Article 16 The performance responsible units shall solicit public opinions when preparing performance management plans or formulating and adjusting annual performance objectives.

The performance management agencies shall listen to the public opinions when reviewing the annual performance objectives of the performance responsible units.

Chapter III Process Management

Article 17 Performance responsible units shall implement performance management in accordance with the approved annual performance objectives, regularly analyze the constraints affecting the achievement of performance objectives, take countermeasures accordingly, and establish and improve internal responsibility systems and reward and punishment mechanisms so as to promote the achievement of annual performance objectives.

The performance responsible units shall report the progress of the work to realize annual performance objectives, existing problems, and other performance-related information to performance management agencies, and be responsible for the authenticity, legitimacy, validity, and completeness of the provided information.

The progress of the annual performance objectives shall be disclosed to and monitored by the public.

Article 18 Performance management agencies shall establish a performance monitor system to supervise, inspect, coordinate, and evaluate the implementation of the annual performance objectives of the performance responsible units, and urge them to enhance efficacy to improve the efficiency of work and the quality of services.

The performance management-related departments shall supervise the implementation of the annual performance objectives in accordance with their respective duties and report the results of the supervision to the performance management agencies at their level.

Article 19 Performance management agencies, performance management-related departments, and performance responsible units shall target outstanding problems in performance management, make systematic analysis, study countermeasures, improve work, and enhance performance management. Whenever necessary, relevant experts and stakeholders shall be invited to take part.

Article 20 The performance management agencies shall promptly notify the performance responsible units of their problems found in the daily management. The performance responsible units shall make a statement of the situation within ten working days from the date of receipt of the notice, make suggestions on possible solutions, and give feedback on the results.

Article 21 Performance management agencies shall implement special performance management in conjunction with performance management-related departments of matters of major economic and social impacts on the region, affecting public interests and people's livelihood, or requiring a large financial investment.

Chapter IV Annual Performance Evaluation

Article 22 The performance management agencies of the city and subordinate districts/counties (cities) shall take charge of organizing the annual performance evaluation in accordance with the performance evaluation system and the annual performance evaluation work plan.

The performance evaluation may be conducted in terms of objective assessment, social evaluation, leadership review, and special evaluation.

Article 23 The performance responsible units shall prepare an annual performance self-evaluation report against the annual performance objectives and report it to the performance management agencies in accordance with regulations. The annual performance self-evaluation report shall explain the degree of achievement of the annual performance objectives, the unaccomplished objectives and the causes, improvement measures and plans.

Article 24 The performance management agencies shall organize the performance management-related departments to assess the annual performance objectives of the performance responsible units. Objective assessment is conducted following the procedure of performance responsible units submitting performance self-assessment reports, the assessment of special work responsible units, the examination of and the feedback on assessments by performance management agencies, and second review and approval.

Performance management-related departments take charge of formulating performance evaluation indicators and methods for relevant matter in their fields and provide to performance management agencies with various information related to performance management within their scope of responsibility.

Performance management agencies may entrust third-party agencies such as special agencies for performance evaluation, universities, research institutes, or social intermediaries to conduct specialized evaluation of some performance objectives.

Article 25 Performance management agencies shall inform the performance responsible units of their performance objective assessment results and their right to apply for a review.

If the performance responsible units have a second opinion, they may apply to the performance management agencies for review within three working days from the date of receipt. After receiving the application, performance management agencies shall review the results and make decisions within ten working days.

Article 26 Performance management agencies shall organize the public to give satisfaction evaluation of and offer opinions on the overall work situation of the performance responsible units through questionnaires and other means.

For the key tasks identified in the annual work plan of the government, the performance management agencies may organize stakeholders to conduct special social evaluations as needed.

Performance management agencies shall establish a feedback mechanism for public opinions on evaluation.

Article 27 Performance management agencies shall organize the leaders of the city, and the subordinate districts and counties (cities) to give satisfaction evaluation of the overall work of the performance responsible units at their levels.

Article 28 Performance management agencies shall organize experts and third-party institutions to conduct special evaluations of special projects and the projects striving for innovation and excellence submitted by the performance responsible units.

Special evaluations are carried out in accordance with the procedure where the performance responsible agencies lodge the application, the performance management agencies conduct the review, and third-party institutions give the evaluation.

Article 29 Performance management agencies shall summarize the results of objective assessment, social evaluation, leadership review, and special evaluation to form the results of performance evaluation.

Performance management agencies shall report the performance evaluation results to the performance management committee for approval.

Article 30 Performance management agencies shall inform the performance responsible units of the performance evaluation results approved by the performance management committee and shall disclose it to the public in accordance with relevant regulations.

Chapter V Application of Results

Article 31 Performance responsible units shall analyze the problems reflected in the performance evaluation and the opinions of the social evaluation, and formulate and implement the rectification measures.

Performance management agencies shall supervise and inspect the rectification of the performance responsible units, disclose the progress of the key rectification objectives to the public in a uniform way, and accept public supervision.

Article 32 The results of performance evaluation serve as an important basis for policy adjustment, budget management, public sector reform, reward and punishment, and promotion, demotion, and appointment and removal of officials.

Article 33 Units that pass performance evaluation shall be rewarded in accordance with relevant regulations.

Article 34 Units that fail to pass the performance evaluation shall be punished by a circular notice of criticism, and those taking direct charge and others held directly accountable shall be disqualified for the selection of the excellent and advanced for the year and the next year.

Units that fail to pass the results of the performance evaluation for two consecutive years are subjected to the punishment as said above, and those taking charge and others held directly accountable shall not be promoted within one year.

Units that fail to pass the performance evaluation results for more than three consecutive years are subjected to both punishments as said above, and those taking charge and others held directly accountable shall be removed from the post, demoted, or dismissed.

Chapter VI Performance Accountability

Article 35 In any of the following circumstances, the performance management agencies shall deduct the points in the performance evaluation; if the circumstances are serious, a circular notice of criticism may apply; if the circumstances are especially serious, the results of the performance evaluation shall be directly determined as fail:

(1) Performance management self-evaluation is seriously inaccurate.
(2) Refuse to submit an annual performance self-evaluation report in accordance with regulations without justified reasons.
(3) Fail to disclose performance information to the public according to law or concealing facts, and provide false performance information.
(4) Obstruct the performance management agencies to perform performance management duties according to law, or refuse to provide performance information such as relevant materials and data in accordance with regulations.

Article 36 Anyone who violates the regulation in any of the following circumstances shall be ordered to make corrections by the competent authority or the supervisory agency, and those taking direct charge and others held directly accountable shall be punished according to the administrative jurisdiction and the law; if the circumstances are relatively minor, a circular notice of criticism, admonishment, or suspension from work may apply; if the circumstances are minor and those held accountable correct their behavior after being educated, then they may be exempted from punishment:

(1) Fail to complete the tasks assigned by the higher authorities without justified reasons.
(2) Incorrectly implement the decisions and plans made by the higher authorities in accordance with the law so as to affect the overall work plan.
(3) The work efficiency is so low, and the service quality is so poor that the public voices strong dissatisfaction.
(4) Dereliction of duty, causing losses to the legitimate interests of the public, citizens, legal persons, and other organizations.
(5) Major decision-making mistakes.

Article 37 If any performance management worker has any of the following circumstances, the competent authority or the supervisory agency shall, according to their administrative jurisdiction, punish them according to law; if the circumstances are relatively minor, a circular notice of criticism, admonishment, or suspension from work may apply; if the circumstances are minor and those held accountable correct their behavior after being educated, then they may be exempted from punishment:

(1) In the organization and implementation of performance management work, the work efficiency is so low that the progress of the performance management work is severely affected.
(2) Fail to accept appeals or complaints concerning performance management and cause adverse effects.
(3) Engage in malpractice or abuse of power in performance management.
(4) Leak the secrets of performance management work.
(5) Other misconduct or acts of dereliction of duty.

Article 38 If the circumstances stipulated in this chapter are otherwise stipulated by laws and administrative regulations, the provisions of the laws and administrative regulations shall prevail.

Chapter VII Supplementary Provision

Article 39 The performance management of institutions and organizations other than those said in the first item of Article 2 of the regulation and managing their staff in accordance with the Law on Civil Servant Workers of the People's Republic of China shall be conducted in reference to the regulation.

Article 40 The regulation becomes effective as of January 1, 2016.

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Epilogue to the Chinese Edition

When the first ray of sunlight came in from the skylight to my small study in the attic on the first day of 2017, I realized how time had flied: My eleventh year at the Hangzhou Municipal Evaluation Office just began.

Eleven years is short for a lifetime, but is long for a post. I had reached the time when I should be rotated to another post according to China's staff regulations of officials. When the Municipal Party Committee announced the decision to appoint me as Party Secretary and Director of the newly established Hangzhou Municipal Comprehensive Evaluation Committee Office, I only had a vague understanding about government performance management. Like many officials and even carders who are tasked with the work of evaluation, I could not even tell the differences among objective evaluation, performance evaluation, and performance management back then. Government performance management is a public management concept "borrowed" from the West, and there are many questions that we need to explore and answer in both theory and practice as to how to translate the concept into the Chinese context and how to use it to contribute to governance modernization. As the concept is completely new in China, there is no ready model to refer to and everything needs to be started from scratch. These are the realities we faced when the first bureau-level permanent evaluation body of China—Hangzhou Municipal Evaluation Office—was founded. With a strong sense of mission and personality of perseverance, I worked wholeheartedly in this position for 10 years. I led my team to constantly learn and apply theory to practice, making progress based on experiences. We always reminded ourselves why we started, were never disheartened by setbacks, and never slackened our efforts. With each step forward, we saw that our direction became clearer, system more complete, and methods more scientific, and eventually blazed a trail of local government performance management that is suitable to the realities of Hangzhou and with Chinese characteristics. Here, I like to sincerely thank the Hangzhou Municipal Party Committee and municipal government for their trust and support and for giving me such a great platform so that I could have an opportunity to put my aspirations and values into practice; I would

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also like to thank the municipal government leaders for their care, guidance, and help—the comprehensive evaluation and performance management of Hangzhou would not have achieved so much without their open-mindedness and vision. I would also like to extend my gratitude to the departments directly under the Hangzhou municipal government as well as the Party committees and governments at the district and county (city) levels for their understanding, trust, cooperation, and support, which is also both the pressure and the driving force for me to firmly uphold the principles of "openness, equity, justice." I wanted to thank experts and scholars of different areas for their consistent attention and participation: It is exactly thanks to their guidance, encouragement, and promotion that Hangzhou's performance management has been able to go national and even global as a local experience. Of course, I must also thank my colleagues who have been always with me along the way for the past decade, including staff members and volunteers. Their passion for our common cause and their full support have helped me better fulfill my duties and made today's achievement possible.

This book represents the latest results of our explorations and practice in the past years achieved through efforts from many relevant actors.

It is the third book on government performance management I have edited. The first two are "Comprehensive Performance Management" (edited by Wu Bin, Peoples Publishing House, 2012) and "Innovative Government: Hangzhou's Explorations and Practices" (edited by Wu Bin and Chen Guoquan, Zhejiang University Press, 2014), respectively. The previous two books were more aimed at summarizing experiences of Hangzhou's comprehensive evaluation and performance management and keeping a record of local government's attempts at governance innovation, while this book is expected to draw value positioning, institutional architecture, methods and paths for local government performance management with Chinese characteristics from the empiric research of the example of Hangzhou, so that it would serve as both an operational guidebook and a theoretical reference. The original title of the book was "Government Performance Management—from Theory to Practice." Late last year, when I invited Mr. Gao Xiaoping, Deputy Executive Director of the China Administration Society and Director of Institute of Performance Management of China Administration Society, to write preface for the book, he suggested the direction should be from practice to theory, which inspired me to eventually settle with "Government Performance Management: Dual Variations of Theory and Practice." Director Gao also gave a vivid account of his understanding of the "dual variations" of theory and practice, which "clinched the point" for the book. Here, I wanted to express my gratitude to him as well.

My special thanks also to Professor Yu Keping, Dean of the School of Government at Peking University. He worked in the leading positions of the Compilation and Translation Bureau of the CPC Central Committee of many years and is also Political Scientist with national and global reputation. The "Chinese Local Governance Innovations Award" campaign that he initiated has greatly contributed to innovation of local governments. Several of Hangzhou's projects, including "Open Decision-making," "Government Management and Public Service

Standardization," and "Citizen-Oriented Comprehensive Evaluation of Hangzhou," either received the award or got nomination. For years, he has closely followed and given a lot of encouragement for Hangzhou's comprehensive evaluation and performance management, and gracefully accepted my invitation to write preface for the book this time.

It took three years to complete this book project. The structures and even views of the book have undergone many changes along the way. As editing and compiling the book itself are a process of relearning and re-improvement, my colleagues all enjoyed it. Their names are listed on the title page, and I'm not going to repeat here.

Government performance management is still relatively new in China, and we are still at the stage of preliminary exploration. With the advancement of China's socioeconomic development and governance modernization, the spring of government performance management is just around the corner. For colleagues who are engaged in relevant work, it is fair to say that our responsibilities are heavy, and our way ahead is long. This book represents our accumulated experiences and theoretical understanding in this area up to now. I would like to express my gratitude to the Peking University Press for agreeing to publishing this book so that we can have an opportunity to "cast a brick to attract jade"—offer our humble opinions to induce more valuable views. I would like to offer a special thanks to Ms. Jia Mina, Commissioning Editor for this book, for her impressive professionalism. I sincerely hope that my successors and colleagues may achieve more in new endeavors and explorations, bring to full play the "double values" of government performance management, and make more contributions to the implementation of the strategic deployment of "four comprehensives" and five development concepts as well as the realization of governance modernization.

Wu Bin
January 1, 2017
Qilixiangxi, Hangzhou

Epilogue to the English Edition

Time flies. Yet another new year has come.

I had planned to finish the afterword to the English edition of "Government Performance Management: Dual Variations of Theory and Practice" that is about to go to press. But I had not expected that I suddenly caught a cold on the first day of the New Year of 2018 and suffered from dizziness, fatigue, and body chills. What an unexpected "little gift" for the New Year!

When the Chinese edition of the book was published last year, I was pleasantly surprised by two things: First, the book was well received by both the academia and professionals. Some scholars regarded the book as a sample or case study for their research on government performance management, and even listed it as a "must read" for master or doctorate students of relevant disciplines; professionals, on the other hand, have used it as an operational guidebook, to the extent that some shops and bookselling websites were out of stock of the book quickly and some colleagues even contacted me directly to ask if they could buy books from me. Second, I had thought that after the book went to press, I would have completed my "historical mission" and soon be re-assigned to another post, which I mentioned in the afterword to the Chinese edition. On the one hand, problems would inevitably arise if the same person held a leading position for too long, which is why the staff regulation stipulates that an important leading position should usually not be held by the same person for over ten years. On the other hand, evaluation is a task that is highly political and may easily offend many. The pressure can only be really felt by those who are doing the job. Once, a municipal government official joked with me: "You first whiten your own hair by evaluation, then ours!" Fortunately, I work in Hangzhou, a beautiful, innovative, inclusive, and modern city that has been acclaimed as "exquisite and harmonious, magnanimous, and open-minded," where I have had the support from the municipal leaders, understanding from highly professional cadres at all levels, acknowledgment and participation from all sectors of the society, and the cooperation from a passionate and professional team. To my surprise, although last year was the year of staff shuffling, my re-assignment never arrived. But exactly because of this, some previously planned projects were able to

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be carried out within my tenure. For example, the first Chinese government performance management program, "Hangzhou 13th Five-Year Performance Management Master Plan," was finally completed and released in November 2017; the development of the updated version of Hangzhou "Digital Evaluation"—Hangzhou "Smart Evaluation"—has also been launched.

The opportunity to publish the book *Government Performance Management* in English is sort of a serendipity. Up to now, I have not had the chance to personally meet with the editors who are in charge of the publication of the English edition. The Foreign Language Teaching and Research Press (FLTRP) is the largest foreign language publisher in China, and Springer is a leading global scientific publisher. I had never even dreamed that this book could be part of their "China Academic Library" program.

Of course, the publishing of this book overseas is made possible primarily by China's increased international influence. Many aspects of this book are in line with Chinese leaders' message of "Four Matters of Confidence" and "telling the Chinese story well." Secondly, overseas colleagues are also interested in how government performance management, as a public management concept borrowed from the West, have been transplanted and flourished in China. The value of this book is summarizing over 20 years of experience and exploration in city governance of Hangzhou, where the G20 summit was just successfully held, showcasing an alternative path for China's local governance theoretically and systematically and providing a window and a case of China's governance modernization process for the rest of the world.

Third, the compiler of this book has worked at the frontier of government performance management for many years and naturally has a lot of practical experiences that are worth sharing. In addition, when studied Chinese literature in the 1980s at the Hangzhou University, I read a lot in eastern and western philosophy, history, and politics, and then developed more rational thinking when confronted with various thoughts after graduation, when reform and opening up just started in China. Moreover, as someone who has been working in the government for a long time and has a deep understanding of the government structure and operational logic, I know how hard it is to really put in practice a theory or institution in China. Sometimes, the name and practice are totally unrelated or even opposite to each other. Some reforms may bear temporary fruit but then were stopped once the officials who launched the reforms moved to other posts. This is why in the 1980s there was the saying of "super-stable structure." While it is hard to work within the existing framework, it is harder to blaze a new trail. But as Mr. Lu Xun once said: "Actually the earth had no roads to begin with, but when many men pass one way, a road is made." The road of government performance management is just like this.

The English edition is based on Chinese edition of "Government Performance Management: Dual Variations of Theory and Practice" in terms of structure and discussion. The number of figures and case studies has been reduced, while new content has been added in light of the relevance to the foreign audience and translation. Here, I would like to thank FLTRP and Springer for their support and professional suggestions. My thanks also go to Dr. Chen Chunhua for translating the book into English, Mr. Wu Hao for publication planning, and Ms. Yang Yuxin as Executive Editor. I'm also grateful for Mr. Jiang Aijun of the Hangzhou Xiaofeng Bookstore for helping to make the publication of the English edition possible. I also wanted to take this opportunity to thank again my colleagues who participated in compiling the Chinese edition: Yu Minghui, Shang Jianping, Wang Meiqun, Zou Huaixian, Ruan Xiang, Liang Aiying, Xia Shanmei, Wang Jianhui, Yang Yang, Du Juan, Jiang Laixiang, Chen Yangyang, Zhang Yuhang, Wei Tao, Lou Zenan, He Quan, Chen Guoying, and Yang Fengying. Specifically, Ms. Wang Meiqun and Mr. Zou Huaixian were responsible for the editing of both editions.

I wanted to specially mention Professor Christian Goebel, who wrote the preface to the English edition of book. In 2012, I had a long conversation in Hangzhou with Professor Goebel when interviewed by him on China's local governance innovation. I was deeply impressed by his fluent Chinese and thorough understanding of China's conditions, and he thought highly of the local governance innovations in Hangzhou and several other cities. In 2014, I was invited to the Department of East Asian Studies, Vienna University, as a visiting scholar for a month. As the host, Professor Goebel kindly provided me with a great platform to introduce Hangzhou's practice and exploration in government performance management to some overseas China scholars. This time, he graciously agreed to write the preface to this book, helping more overseas scholars and experts better understand Chinese local governments' efforts in modernizing governance. My sincere thanks go to him as well.

Wu Bin
Midnight, January 1, 2018, in Yunxixiangshan, Hangzhou
Revised on October 5 in Qilixiangxi, Fuyang